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## Near East/South Asia Report

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23 SEPTEMBER 1986

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HEAD OF DIRECTORATE OF MILITARY INTELLIGENCE INTERVIEWED

Tel Aviv BAMAHAHE in Hebrew No 40, 11 Jun 86 pp 20-21

[Interview with Major General Amnon Shahaq, Head of the Directorate of Military Intelligence in the IDF; date and place not given: "No News on the Eastern Front" by Hayim Raviv]

[Text] In an interview with the head of the Directorate of Military Intelligence, "no news" means "good news," but this does not mean that intelligence is sleeping on the job. Complex processes are transpiring beneath the surface--and on the surface are the "hot" issues in the headlines: the Pollard Affair, Libyan terrorism, the Syrian build-up, and other headaches.

There is nothing new under the sun in the Arabic East, is the outcome of the interview I held with the head of the Directorate of Military Intelligence of the IDF, Major General Amnon Shahaq, at the general staff of the IDF, as the day honoring that branch approaches, and as someone already said, "no news--good news," but to prevent any misunderstandings it will immediately be stated that the term "new" here is intended to refer to reversals in "large", for significant, far reaching returns in general trends in the Near Eastern arena. This was not characteristic of the arena over the past year. This does not mean that beneath the surface, far from the sunlight, the coals are not whispering; it does not mean that new beginnings were not started, or that these processes did not develop and strengthen, as well as others commenced previously that have not yet reached fruition.

It must be emphasized, that the fact that nothing in the East is "new" does not make the task of the IDF Intelligence any easier; the threat which the State of Israel faces continues to be complex and its strength has not lessened. The Directorate of Military Intelligence, as a part of the intelligence community, must provide the proper response to this threat.

In response to my question what is special about the IDF intelligence in comparison with military intelligence elsewhere in the world, the head of the Directorate of Military Intelligence says:

[Response] The intelligence of the IDF, compared with most of the armies, is distinguished by the fact that the threat and the response which it is

obligated to provide are extremely varied and at a very high level of difficulty. We are confronting a number of enemy countries; we are confronting a number of armies; we are confronting both eastern and western weapons systems and technologies together; we are confronting very modern armies; we are confronting hostile terrorist acts of all types within the borders of the State and without; and we are confronting many brains on the other side of the border.

[Question] Is this a question of 'ad?

[Response] This is not only the burden of tasks. I think this is also the burden of problems. Not many countries in the world are required to provide responses of this scope and quantity.

[Question] What is new in the Directorate of Military Intelligence? Can you point to any new developments over the last year or to new emphases?

[Response] I do not think that in a newspaper interview we can get into new developments. The Directorate of Military Intelligence does not develop in a year. The Directorate of Military Intelligence develops over years.

There are directions in which I think we advanced over the last year, and there are directions in which we started this year but their fruits will be in a few more years.

[Question] The problem of budget cuts--to what extent, if at all, does it hurt this branch of the military's functioning or ability to achieve?

[Response] We are confronting tasks which do not change nor are they affected by the scope of the budget we command. Our tasks are tasks whose decisions are made regarding them, occasionally, far from here, and if, for example, in the news two new types of weapons are talked about (MIG 29 and SS23, for example) we must know if they arrived, how they arrived, and what quality they are. This is an example of a threat which forms which we have to respond to.

The budget is a given. We can influence the size of the budget when we come to explain tasks of the force and I think we find a sympathetic ear. I think we received a relatively suitable slice of the IDF budget; it is now our responsibility to take what we received--people and money--and to make them into the best possible intelligence that can be given to the Israeli people from this combination.

[Question] You sound satisfied.

[Response] There always can be more. I think that what we have gives us tools with which intelligence can be made.

[Question] On another subject: How does the Directorate of Military Intelligence deal with the lessening of the reservoir of people who know Arabic? I know the problem exists.

[Response] The question of the reservoir of Arabic-knowing people in the State of Israel is a question of a national mission. If not too many years ago young boys were to be drafted in the IDF whose mother tongue was Arabic or if their parents spoke Arabic, today all or the definitive majority of those drafted are native-born, speakers of Hebrew, and the majority do not know the language. The Directorate of Military Intelligence, along with the Ministry of Education and Culture, encourages the study of Arabic in schools. It provides some of the graduates of high schools better tools for study of Arabic than the tools previously given them. This is, in my opinion, a task which it is unthinkable to give up on. If we want to understand, we have to know the language. People who deal with written and spoken material must know Arabic.

[Question] Let's turn to a current question in the news--the Pollard Case. What can the Directorate of Military Intelligence learn from this incident?

[Response] The Directorate of Military Intelligence does not have to learn lessons on this subject. We do not do that kind of thing; the Directorate of Military Intelligence will know how to maintain its relationship with the intelligence service of the American military--with its various branches--as has been done, by encouraging development of good strong ties of mutual understanding and cooperation.

[Question] Now we come to the Middle East--what did the terrorist organizations achieve over the last 4 years in the area of rebuilding their infrastructure in Lebanon?

[Response] The question is, what is the terrorist infrastructure in Lebanon. I think the true infrastructure of the terrorists in Lebanon is expressed by the presence of the Palestinians there. That is the infrastructure. That is the developing ground. An infrastructure is not another Kalachnikov or Katyusha. An infrastructure is cadres of fighters, who sprout in the camps, on the laps of an oral and written doctrine which says: "We are all Palestinians, we have a common factor, and we have a common goal." This is the infrastructure of the terrorists and it does not disappear--even after the exit of Arafat from Lebanon.

The fighting infrastructure of the PLO disappeared. It is hard to estimate the precise number of terrorists who returned to Lebanon. What is clear is that they are investing great effort in this. Our estimation is that these numbers are not too great; the leaders returned and fairly quickly created a fighting infrastructure from the people that were in the camps.

[Question] Do you foresee it possible that in coming years the situation will return to what it was prior to the war in Lebanon?

[Response] I know that we, the State of Israel, will do our best to prevent its occurrence. The residents of Southern Lebanon's interest in this is no less than ours--to prevent the Palestinians from returning and basing themselves in Southern Lebanon. There is no return of the PLO to Southern Lebanon today but its return to Sidon and Beirut is a springboard which will facilitate the work of returning to the northern border. In recent

months we have witnessed attempts by groups, supported by the PLO or by other Palestinian organizations, to cross the border or to operate against us from out of Southern Lebanon.

[Question] Let's move on to Syria. There is potential of military confrontation with Syria. In what circumstances is this potential liable to be realized?

[Response] Under such circumstances as Syria deciding it is more correct from her standpoint to realize the existing potential, or should the State of Israel decide it to be correct from her standpoint. In my opinion neither country has an interest in reaching total military confrontation. Undoubtedly, the Syrians have been building their military capability for years. Since the war in Lebanon the Syrians have reached conclusions and learned lessons and even realized some of them. The Syrians are building an army which will enable them to match up better on the border of Israel. This is not a process of days. It is a process of years.

[Question] Are the Syrians capable of surprising Israel?

[Response] The Syrians will want very much to surprise Israel. We would not like to permit them to do so.

[Question] On the assumption that the Syrians want to totally cancel what are called "traces of the war in Lebanon" and will not accept for long the continued existence of the security zone, what will be their action in order to cause total removal of the Israeli presence?

[Response] The Syrians already tried more than once to infiltrate groups of their supporters in the security zone. I do not think they are capable of more. I think if they had greater capability than in the past, they would have used it. They gave us no grace period to get organized. In the last year they did all they could to hurt us in the security belt. What happened is what they succeeded in doing. It is possible that they will continue trying to do more, but it must be remembered that the Syrians also have problems in Lebanon that are not small; they are busy there with other things. They are troubled by the problem of the Christian sector and the problem of maintaining the Syrian force in Lebanon; they are not that close, physically, to the security strip and thus it is not easy for them. But let's not delude ourselves. Until now they have done their best to make our life there difficult.

[Question] But you do not foresee a massive military attempt to attain the same goal of "liquidating" the security zone?

[Response] I do not believe the Syrians have a chance or reason to use the Syrian army to achieve such a goal. I think they know their damage can be much greater than any gain they are likely to expect.

[Question] Syria is deficient, with internal weakness, basically economic, and yet despite this is still considered a key country in the



arena, especially in all that relates to the Arab Israeli conflict. Does the explanation of this phenomenon lie only in her military might?

[Response] First of all, the internal economic weakness of Syria is not necessarily the weakness of the Syrian leadership. Secondly, and this is related to the first, Syria supports a large strong army, which is also part of the might of a country.

[Question] How do you estimate the chances of the mediation initiative of King Hussein between Syria and Iraq? Should this initiative be successful, what ramifications are expected regarding the Eastern front?

[Response] I do not want to get into estimating the chances of the mediation. The mere fact that there is mediation creates a chance. In my estimation the king took the initiative only after he had at least a hint from the two fighting countries that there was a chance for his mediation. If the mediation fails nothing is lost. If the mediation succeeds, then the principals must be seen as part of the threat from the East. Such a situation will be difficult for us, but it will be a totally different sort of difficulty. Today, most of the Iraqi army is committed to the war with Iran, but in the future we will have to take into account its war potential, even if it takes a few years--there is no doubt that eventually this war will end; so then the Iraqi army will emerge from it more practiced.

[Question] There were reports of use of chemical weapons by Iraq in the Gulf War. This raises the question what efforts other Arab countries are putting into development of this "project?"

[Response] Chemical ammunition was employed by the Egyptians in Yemen years ago. As to warfare equipment, defense equipment, we saw the Syrians had it in 1967. In 1967 we already saw Syrian soldiers with masks and CBR equipment. I presume the Syrians are also active in this arena.

[Question] And what about other armies such as Jordan?

[Response] As far as we know the Jordanians do not deal with this area.

[Question] In recent years military cooperation between Egypt and Jordan has developed. What actual significance could there be to this cooperation?

[Response] Egypt and Jordan cooperate in every realm; this cooperation is not necessarily characterized by the military aspect. There are mutual visits; these are two countries that are fairly close, and recently a shipping line was opened between 'Aqabah and Nuwaybi'. Overall, there is a very good relationship between the two countries and the military cooperation is only a part of it.

[Question] Has the PLO-Fatah presence in 'Amman really decreased significantly, and if so, is this fact felt in the level of activity of the terrorists in the area?

[Response] The PLO's life in Jordan has become somewhat more difficult and this is natural. If previously they had contact and spoke like partners, today the conflict can be felt. Jordan did not banish the PLO from its territory. There is a PLO presence in Jordan, and apparently at this stage the Jordanians do not intend to completely stop them, but the privileges which the PLO enjoyed when the relationship was open and characterized by cooperation disappeared. Today this relationship has completely changed. The suspicion is much greater on both sides and thus it is natural that the PLO finds it difficult to operate in the areas of Judea, Samaria, and Gaza--out of Jordan. We also knew about a number of people from the PLO that were banished from Jordan across the borders.

[Question] What did the American bombing in Libya do to the terrorism policy makers in that country and other Arab countries such as Syria? Did this influence their line of thought?

[Response] I do not consult them as to their line of thought, and they do not share with us their discussions or thoughts, however, as an estimation we can say in view of their expressions after the American bombing--they understood the hint. This means it influenced their line of thought; they understood that if a country could be identified definitively as supporting international terror, that country could expect a reaction.

[Question] Can you give a thorough estimate on the quality of personnel in the Arab armies?

[Response] This is the kind of thing in which there are no leaps. There is a constant process of development in the area of quality; there are more university graduates, there are more people dealing with the technical area, and naturally the quality of the personnel improves with the years. The fact that advanced technology is being used in the military area enables the development of civilian technological systems. The interface with the West also contributes to this.

[Question] What are the possible ramifications of the economic difficulties which most of the Arab countries have run into on the internal stability of their regimes.

[Response] Undoubtedly, countries in deep economic trouble are liable to run into shocks, especially in the countries in which the government is monarchical, or in the style of the Syrian regime; no doubt the economic difficulties cause dangers from the viewpoint of those regimes.

[Question] Recently the Kuwaiti newspaper AL-QABAS wrote that no defense installation in Israel is beyond the range of the missiles in the Arabs' possession and in this context it mentioned the SS21 missiles the Syrians have. It mentioned the reactor in Dimona as a possible target. Are you willing to relate to this?

[Response] Those are the words of a showoff. We know exactly what the spectrum of ranges of those missiles is. These are also weapons that they

acquired as a threat or deterrent and clearly should they decide that from their standpoint it is correct to use them, they will try. We are aware that they have this kind of weaponry; we know what these weapons know how to do and can do, and we are doing what is necessary to decrease the damage, if it comes, and in order that it not come.

[Question] How would you characterize the intelligence services of the Arab armies? What is their level of development and efficiency?

[Response] In the intelligence area they also are advancing. They are learning about us. Also, sometimes it is easy to learn about us as a result of what we do. The fervor we have everyone has and it is an industry that all of us are partners in and all the shareholders have to take care that it not be harmed; on the other hand, as a democratic country, we truly think it is the public's right to know; it is not an empty slogan; however, sometimes in the name of the public's right to know, we sin; people wish to get a "scoop," to be in the headlines for a day, or two, or three, sometimes causing damages that an entire year is not enough to correct. We are no small help to the intelligence services of Arab armies beyond the great efforts that they invest in order to know more about us. Large budgets, large quantities of personnel, and a lot of energy are invested in the opposition's intelligence.

[Question] Can you rank the intelligence services of the Arab armies as to efficiency?

[Response] I would not rank them. I would say that all do intelligence on us.

[Question] And finally, do you wish to use the forum of "BAMAHANE" to say something to the soldiers of military intelligence for the Armed Forces Day?

[Response] Intelligence usually makes headlines when there are successes or failures. The saying that failure is an orphan and success has many fathers will always be correct, and I hope to God we have only successes with many fathers. But intelligence work is the work of many people, usually excellent people, and the work is done daily every day, far from the spotlights of the media; this is work of tremendous responsibility; and if we spoke previously of advance warning, it is possible to show that one man with sharpened senses and wisdom can provide advance warning. On this occasion I can only thank the intelligence soldiers for what they do all year and wish that they continue doing it well.

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## PRO-ISRAELI BEDOUIN SHEIKH SUPPORTS MILITARY IN NEGEV

Tel Aviv BAMAHAANE in Hebrew No 41, 18 Jun 86 pp 24-25

[Article by Ronit Forian: "The Sheikh"]

[Text] Ben Gurion, Golda, Eshkol, and Alon were friends of his. Also Sharon, Begin, and Taliq, may they be blessed with long life. As far back as 1944, when the Bedouin tribes in the Negev (including his tribe) were still wavering between loyalty to the ruling forces in the area, he crossed the lines and led patrols of the Palmah in the Negev. 'Awdah Mansur Abu Mu'ammam, sheikh of sheikhs, chief of the al-'Azmah tribe, third largest Bedouin tribe in Israel, was born with the soul of a military man. The IDF pays him great honor. He deserves it.

In March of this year tracks of two people were discovered coming from Egypt into Israel 8 kilometers south of the Nitzanah checkpoint. They came up to a military base in the area, moved from it to the military police base, and returned to Egyptian territory. At their point of entry were found slogans on the blurred path against the al-'Azmah tribe and against peace.

It is not coincidental that the name al-'Azmah and peace were bound together by the opponents of peace. For the chief of the Bedouin tribe al-'Azmah, sheikh of sheikhs, 'Awdah Mansur Abu Mu'ammam, is Israel's greatest supporter among Bedouin in the Negev, from the time of the British government.

It reaches the stage that it sometimes seems as though the purpose of Sheikh 'Awdah's life is contributing to the IDF and to the State of Israel.

He was born in 1913 and raised in the Revivim-Halutzah area. Commander of rear headquarters in the Southern Command, Colonel A., says that the Sheikh "was born with a military man's soul. Not a merchant, not a shepherd, but rather a soldier." His relations with the Jews commenced in 1944, when he led Palmah reconnaissance missions in the Negev regions and Eilat. He also acquired a lot of weapons from the British and the Egyptians and smuggled them into the country from Egypt for the Jews. He even was among the Jews who performed maintenance work in the British camp at (Bi'r Asluj), near Beersheba.

On one night, one of the members of the group, disguised as a senior British officer, ordered the British soldiers to gather all the ammunition and weapons

and to load it on a British truck, whose driver was a Jew. Within a few hours the cargo of the truck was in the possession of the Haganah headquarters in Tel Aviv.

The sheikh's eyes sparkle, as he describes the operation, but his stories also have a Bedouin "tinge." Thus, for example, he tells, that he understands English well. This helped during the War of Independence when he was present during British conversations where they spoke freely, assuming he could not speak English, and he passed on the content of their conversations to the Jews. However, in order to prevent his mastery of English being discovered, he became accustomed to not responding to anyone not approaching him in Arabic. Since then he is unable to speak English - or Hebrew...

After Kibbutz Revivim broke ground in the Negev, the sheikh (who at the time was only the nephew of the sheikh of sheikhs of al-'Azmah headquarters) served as the kibbutz watchman. He uncovered the organizing of Bedouin tribes against Jews, provided information on mining of roads, on planned ambushes and attacks, and undoubtedly saved the lives of many Israelis.

When his relations with Israeli intelligence were discovered, by orders of his uncle, the sheikh of sheikhs, 'Awdah was imprisoned. But after 4 or 5 months, he escaped, and renewed his contact with the Jews. The officer explains Awdah's loyalty to the Israeli side during the stormy period before establishment of the State and on the sheikh correctly gambling that it would be the Jews who would rule the country.

"He put all his cards from the first on the Israeli side, unlike the other Bedouins and Arab leaders who try to enjoy the best of all worlds, and appear, up to today at meetings with the IDF as well as at RAQAH conferences."

Years ago the then chief of staff, Hayim Bar-Lev, presented the sheikh with the emblem of the 8th Regiment in the Palmah, which the sheikh fought with in 1948. Said Bar-Lev, "Sheikh 'Awdah was the first to see what was coming and understood that it was possible to live together in peace in this country."

The leaders of the al-'Azmah tribe escaped from the country upon the establishment of the State, out of fear of retribution by the new government. The tribe was left leaderless, and 'Awdah was placed in charge from then until today.

Sheikh 'Awdah continued his support of Israel, despite all the pressures put on him. Over the years he was the only one to openly support, at every call, the defense forces and the IDF. He led his people in pursuit of small groups of infiltrators, stopped many of them, and killed many others. These acts angered the tribes of the Sinai, who took retaliatory steps: Between 1950-1954 several members of the al-'Azmah tribe were murdered and hundreds of camels were stolen. This was in addition to repeated threats on the life of the sheikh. But these acts of hostility only strengthened the bond between him and the IDF.

During the period of the Sinai War, several acts of terrorism against the Bedouin occurred, in an attempt to hurt the IDF. Sheikh 'Awdah, despite them, announced: "I, my tribe, my people, and their herds and their property are at your command and service."

Three days prior to the outbreak of the Six Day War, Sheikh 'Awdah was asked by an American delegation which visited him, for his opinion of Moshe Dayan. His response was: "If war breaks out, he will win because he has a good head, and the one with a head will win. Not the one with weapons and force."

About the Yom Kippur War 'Awdah says: "Not so bad; afterwards we overcame. You have no chance of winning in a situation you are unprepared for." Incidentally, he tells that he arrived during the Yom Kippur War in the same tank as Ariq Sharon, at Kilometer 101.

The greatest happiness in his life for Sheikh 'Awdah was the time of the signing of the peace treaty with Egypt, when the Israeli and Egyptian army military bands played the anthems. He was there, as the representative of the Bedouins of Israel, and with wide arm movements he describes the event: "Our flags waved together," he cries, waving his handkerchief.

An especially strong tie formed between Sheikh 'Awdah and General Moshe (Bril) Bar-Kokhbah. When Bar-Kokhbah was a second lieutenant, 'Awdah saved his life, something which he tells happened not just once. "I saved his life many times as that is my duty."

Over the years the sheikh formed strong ties with all the IDF officers and heads of government in Israel, who saw in him an extraordinary character in his actions, his character, and in his wisdom. Their doors were open to him and his house became a place for government leaders to pilgrimage. "I met respected Jews, such as David Ben-Gurion, Golda Meir, Levi Eshkol, Yiga'el Alon, and Menahem Begin. All are my very good friends."

In the photo albums of the reconnoiters in the southern sector there are many newspaper clippings from long ago as well as recently. One of them tells how Ariq Sharon, then general of the Southern Command, visited 'Awdah's tent July 13, 1970. Members of the tribe, and camel and horse-riders met the entourage with a traditional 'fantasy,' "like sons of the desert are able to do."

The newspaper quotes the general who promises, that "the IDF will do its best to aid the Bedouin in overcoming the difficulties caused by the drought which hit them this year."

The IDF aids the tribe today, as it did then, more than all the government offices do because a deep unbreakable bond exists between the two. Despite this the sheikh is said to feel deprived: As a leader who educated generations in the tribe to love Israel, and to cooperate with the country, he himself did not receive a house, despite his lifelong demonstrated patriotism in activities without any return or salary. However, he himself has no complaints: "I do not feel I am lacking anything; the people of Israel should only live together in quiet and peace."

But in the Southern Command they say the Israelis never gave him any compensation, and he is not even recognized as a pensioner. They say now that all his glorified actions belong to the past, and that today people do not know him. A kind of 'the black man is done now--he can go.'

About half a year ago, for example, he was arrested in Hebron with drug dealers. The policemen who arrested him simply did not recognize him. Afterward, it turned out to have been a plot. The general interfered, the police apologized, but he could not forget it. Despite that, he again declares, "I know the Israelis rise to defend the truth. I will continue in my way, with whoever I am loyal to. The price I pay is unimportant..."

Beyond the clouds of glory and myth, and far from the time he was an important fighter, a mundane calm reality exists. Sheikh of sheikhs is done chasing groups of infiltrators. Daily he comes to the southern reconnaissance unit (Tahihal al-Rahl) and they drink coffee and chat. Afterwards, he spends his time drinking coffee that the secretary, Private First Class Dafnah, makes him.

One of the officers, close to him, adds: "the army actually serves as his home. It is his oxygen, he cannot live without coming here. He comes daily as he always has, and we save him a special corner, in view of his glorious past. And if what he already did were not enough, he lends a hand when we need him."

His tribe, numbering about 6000, is the third largest of 27 Bedouin tribes in Israel, and certainly is among the most respected.

Master Sergeant Ya'qov Va'qnin, with the unit 12 years, says: "We pay him honor. Everyone is glad he comes. He is an older man."

Sheikh of sheikhs rests his laurels without forgetting, God forbid, to water them. Eight percent of the scouts are members of his tribe. Master Sergeant Salah 'Azumah, who has served in the army 7 years, is his son-in-law.

His three sons were also sent to serve as scouts and to serve as an example.

Excitedly, as he hits the table, the sheikh declares: "All the Bedouin soldiers in this region are my sons. I raised them to serve this country."

[Text of box, page 25]

14 wives, 42 children

Sheikh 'Awdah has 42 children, About 10 of them serve in the IDF and 3 of them are careerists. The sheikh's youngest son is 3 months old. He married no less than 14 women, perhaps more. Now, his son-in-law, Salah, reveals he has 7. The youngest is 27, while the sheikh is 73.

The sheikh tries to present himself as a traditional liberal. "It is our nature to preserve Bedouin tradition. Family honor is very important to us,

and we make sure a girl does not just wander around anyplace. Even if her intentions are pure, a man could touch her, and our immediate reaction will be to destroy him since he has hurt the honor of the entire tribe."

These are not empty words: Four months ago just such an event occurred. The sheikh of course criticizes the murder and says that those who did it "acted incorrectly." But the act was performed.

The tribe has two elementary schools. One is located on the way to Ramat-Hovev and the other in Segev-Shalom, where a high school will soon be built. 40 percent of the teachers are members of the tribe, and two are sons of the sheikh. The administration of the school also are tribe members

"Girls of the tribe receive elementary education. There is one female teacher and nursery teacher. My hopes are that the girls will be as educated as the boys and will assist in educating the tribe." says the sheikh.

9182/9835

CSO: 4423/119

RIFA'I ANNOUNCES NEGOTIATIONS ON NEW OIL EXPLORATION CONTRACTS

Amman JORDAN TIMES in English 27 Aug 86 pp 1, 3

[Article by Rana Sabbagh]

[Text]

**AMMAN — Prime Minister Zaid Rifai announced on Tuesday that encouraging oil discoveries had been made in various parts of the Kingdom and that the government was negotiating exploration and production contracts with seven foreign companies.**

Mr. Rifai made the announcement during a session of the Lower House of Parliament. The House session endorsed a draft law covering an agreement on oil production and sharing between Jordan and the Jordan Hunt Oil Company (JHOC), a subsidiary of the Dallas-based Hunt Oil Company. The agreement was signed on Aug. 8.

The agreement covers an area of 8,806 square kilometres in Al Jafr region in the southern parts of the Kingdom.

Under the seven-and-a-half-year agreement JHOC will spend up to \$20.25 million exploring for oil.

Hunt is the second oil company to win an oil production and sharing agreement in Jordan this year. In March, Jordan and AMOCO Jordan Petroleum signed a seven-and-a-half-year agreement under which the latter will explore for oil in 10,950 kilometres of Jordanian territory.

Mr. Rifai said on Tuesday Hunt Oil had carried out a seismic study in Al Jafr area prior to signing the

agreement. The study revealed that the geographical features of the area were similar to those of North Yemen where large quantities of oil had been found. Mr. Rifai said.

Hunt is one of the main foreign companies in charge of oil and gas exploration in North Yemen.

The prime minister expressed hope in Hunt Oil's survey in Al Jafr region. "There is a strong possibility of oil finds in huge quantities in Al Jafr area," he said.

Mr. Rifai added that the government approached other experienced foreign oil exploration companies since the local manpower and equipment available in the Kingdom were limited.

Mr. Rifai referred to a recent study prepared by the Ministry of Energy and Mineral Resources which revealed that Jordan would need 30 years to explore oil in various parts of the country if the Kingdom was to depend on local expertise and equipment.



"We hope that our current contacts with the seven foreign companies will result in similar agreements as those signed during 1986," Mr. Rifai said, without giving the companies' names or nationalities. However, he described them as "foreign, experienced and international."

The prime minister gave no figures on oil finds made in the Kingdom.

Minister of Energy and Oil Resources Hisham Al Khatib was quoted by the Middle East Economic Survey (MEES) magazine last month as saying that 14 wells had been drilled in the Azraq area, half of which were producing and three or four were considered commercial.

Preliminary production in that area started in 1984 and last year totalled 2,853 tonnes, which were trucked to the Zarqa refinery, MEES said.

Dr. Khatib told the magazine that there were no fixed production figures from the Hamzeh field in Azraq but that figures from 1986 "are much more than those of 1985."

Sources close to oil exploration companies quoted by MEES estimated production at the finds at the Azraq fields between 2,000 and 3,000 barrels per day. There has been no official confirmation of these figures.

Prior to the House's endorsement of the Jordan-JHOC agreement — which was presented to House members Monday evening — a debate broke out between some deputies over whether or not the accord should be referred to the House's legal and or financial committee for further studies.

According to the House's internal charter, draft laws should be presented to deputies 72 hours prior to open debate.

At the outset of Tuesday's debate, deputy Maarouf Rabbas, who is also the financial committee's rapporteur, called on the House to grant the accord an "emergency legislation status," in view of its importance in terms of execution.

Outspoken deputy Leith Shbeilat protested against the call, saying that the agreement should be "studied thoroughly to avoid future problems."

According to Mr. Shbeilat, the Hunt group of companies "is bankrupt due to the numerous (loss-making) transactions it had carried out in the past," and "if it was not for American banks' support, the company would have collapsed long time ago."

At this point, Mr. Rifai clarified that the group of companies Mr. Shbeilat was talking about was not the Hunt Oil Company with whom Jordan signed the Aug. 8 contract.

The firm which won the contract "is a respected, independent and experienced company which is considered as one of the world's most leading institutions in areas related to oil and gas exploration," Mr. Rifai said.

"We concluded our agreement with Hunt only after the government gathered all information about the company's experience," the prime minister said.

According to the House's internal charter, the House has no right to alter any agreement signed between the government

and another party. The House only has the right to endorse or reject the concerned agreement in its entirety.

However, Mr. Shbeilat and another deputy, Dr. Abdullah Al Akailah, insisted that the House should have a look at the agreement before it was passed.

"It is our right to discuss agreements but not to amend them," Mr. Shbeilat said adding that such an approach "will make the government feel that a change is needed if deputies believe so."

Deputy Abdul Baqqi Gammo interrupted the debate urging the deputies to close the discussion.

Lower House Speaker Akef Al Fayed then put the Jordan-JHOC agreement to vote. It was approved by a hand show.

During Tuesday's session, the House also approved draft amendments to draft laws covering the Jordan Agricultural Engineers Association (JAEA), the Military Housing Fund and land registration fees.

The amendment to the JAEA reorganised the process of electing the association's president and vice-president and increased the number of the association's executive committee members from five to seven.

The amendment introduced to the law covering the Military Housing Fund raised the amount of loans that could be granted by the fund to servicemen for housing purposes from JD 4,500 to JD 5,000. The amount is exempted from interest.

At the outset of Tuesday's session, Nader Abu Al Sha'aer was sworn in as Irbid's newly elected deputy. Dr. Abu Al Sha'aer, a surgeon, had won the Aug. 14 by-election in Irbid.

DELEGATION OF SHALE OIL EXPERTS RETURNS FROM FRG

Amman JORDAN TIMES in English 28-29 Aug 86 p 3

[Text]

**AMMAN (J.T.)** — A delegation of experts and scientists from the Natural Resources Authority (NRA) has returned to Amman from a visit to West Germany where they discussed matters pertaining to the production of oil from oil shale, found in the Lejoun region in south Jordan.

The experts also joined in experiments on extracting an additional ten per cent oil from the rock and visited laboratories where they inspected work related to the process of producing oil from shale. Last year the NRA and West Germany reached agreement on refining shale and helping Jordan to produce oil. According to the Jordan News Agency Petra, German experts have now found that only five

million cubic metres of water are needed annually, instead of the initial estimate of 22 million, for the process of extracting shale oil. At least 6,500 tonnes of oil a day could be extracted using the new process, Petra said.

**Experimental units**

The agency reported that German experts had recommended that Jordan go ahead with building experimental units to produce 1,500 tonnes of shale oil a day and that these units are operated for 18 months before being integrated into a bigger plant. The building of the unit will cost approximately JD 19 million, according to the agency quoting NRA sources.

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CSO: 4400/280



## **Growing unemployment**

Indeed, unemployment is slowly but surely becoming a problem for Jordan. Labour Minister Khalid al-Haj Hassan said the unemployed represent about 6 percent of the workforce. Other sources put the number of unemployed at 50,000, or 9 percent of the workforce. Such a level of unemployment is not extraordinarily high when one compares it with that of many Western nations.

However, by Jordanian standards it is not negligible since more than 50 percent of the population is made up of young people (up to 15 years old) who will have to join the workforce in the next few years.

Considering an annual population growth of almost 4 percent, the labour queue is likely to become longer and longer in the years to come. Problems could be exacerbated even further if economic difficulties in the occupied territories prompt an exodus of Palestinian labour from the West Bank. Palestinians leaving the West Bank are likely to end up in Jordan where they are entitled to Jordanian citizenship and do not need work permits.

## **Problems in banking sector**

Largely as a result of the economic slowdown in the region as a whole, Jordanian banking institutions have had to cope with reduced profits. Banks have had to dip into their inner reserves to keep up dividend payments to their shareholders.

The Jordan National Bank registered a profit of JD 2.04 million (\$5.3 million) in 1985, a drop of 18 percent over 1984. Likewise, the Bank of Jordan's 1985 profits did not exceed JD 1.8 million (\$4.7 million), a 4.5 percent decline compared to the previous year.

In late 1985, Chase Manhattan, one of the world's major banking institutions, terminated its 11-year operation in Jordan. Ostensibly, the termination decision was a result of its refusal to abide by a government requirement to increase its authorised capital from JD 3 million to JD

5 million. Chase Manhattan's Jordanian operation was subsequently bought out by the Bank of Jordan.

The latest cause of anxiety and confusion in Jordanian banking circles was the May collapse of Saliba and Rizk Shukri Rizk, one of the most prominent Jordanian money-changers. The collapse coincided with the apparent suicide of one of the company's partners, Saliba Shukri Rizk. The company's estimated debts stood at around \$42 million, mostly representing deposits of some 4,000 individuals.

The collapse predictably shook the confidence of many Jordanians in the country's banking institutions. The government tried to dispel fears by stating that Saliba and Rizk Shukri Rizk's losses were more than covered by official guarantees and that there was no systemic problem in Jordanian banking.

## **What is being done**

The recession prompted Jordan to cut down on imports which declined from \$2.88 billion in 1982 to \$2.7 billion in 1983 and \$2.47 billion in 1984. Exports, on the other hand, increased from \$580 million in 1983 to \$752 million in 1984 and are likely to approach the \$1 billion level this year.

With imports declining and exports rising, the country's trade deficit was reduced from \$2.13 billion in 1982 to \$1.72 billion in 1984.

The emergence of small but potentially serious economic problems has galvanised the government into action. Unlike Syria, Jordan is in very good terms with Gulf states and aid received from those countries was trimmed only because of economic contraction that resulted from the oil recession. The recession also coincided with the Gulf war which necessitated sizeable outflows of Gulf aid for Iraq.

Unemployment is potentially the most serious problem confronting Jordan and will become all the more difficult as Jordanian expatriates return and seek employment in their homeland. Several measures aimed

at alleviating this problem have been either implemented or considered, but the degree to which they can be effective is still open to question. On the one hand, recent legislation has increased the restrictions on the hiring of non-Jordanians (such as subjecting firms employing foreigners to fines of up to JD 75 per worker per month).

Measures to cut down on the number of 150,000 expatriates already employed in Jordan are still under consideration. Observers point out, however, that firing foreign employees may not provide a way out of Jordan's unemployment problems, largely because most expatriates provide cheap labour in jobs that require little or no skills. Understandably, such jobs may not be very attractive to skilled Jordanians, especially to those who used to have well-paying jobs in the Gulf.

More promising, perhaps, is the plan which aims at boosting agriculture as a potential employer. The 1986-90 five-year plan allocated JD 337 million for agricultural projects (an increase of JD 104 million or 44.6 percent compared to the 1981-85 plan) and aims at increasing agricultural production by 8 percent. This target, observers believe, is feasible.

Less feasible is the expectation that the \$10 billion five-year plan will create 100,000 new jobs, as Jordanian officials are said to have suggested. In any event, the plan's emphasis on agriculture is very well-placed not only because employment opportunities will be enhanced but also because increased agricultural production could limit the country's dependence on imported food. Food imports presently cost Jordan about \$400 million annually.

In its bid to combat domestic economic contraction, the Jordanian government introduced, earlier this year, measures designed to encourage direct Arab investment. Up until the end of 1985, direct foreign investments were subject to official approval.

The process was slow, involving much red tape and generally discour-

aging for foreign investors. Under the measures introduced in January Arab investors are provided with many incentives including free movement of capital and profits. They are also allowed to trade freely in Jordanian company shares and central bank bonds. The only restriction they are still subject to is that they cannot hold more than 49 percent of the shares in companies in retail trade, banking and finance, and insurance. It is widely expected that following the lifting of restrictions Arab investments in Jordan will increase markedly. This could presumably alleviate the unemployment problem and allow for substantial inflows of foreign currency.

Jordan's present economic difficulties are relatively small and largely caused or exacerbated by the regional recession. But as the economic slowdown in the Middle East continues with no end in sight, the country's difficulties could assume serious proportions. Unemployment is the most serious problem in the sense that it could turn out to be the harbinger of social instability.

In fact, a 1984 World Bank forecast suggested that Jordan's unemployment may reach the 30 percent level in the 1990s. The Jordanians claimed that figure was grossly exaggerated.

Exaggerated it may have been. But that is hardly a consolation in a country where, by official estimates, 15,000 people enter the labour market every year (unofficial estimates suggest that as many as 175,000 "newcomers" are likely to seek employment in the next five years).

The oil recession generated problems for virtually all Middle East countries but has also provided them with a strong incentive to look beyond the oil boom era. Jordan can no longer take it for granted that 40 percent of its labour force will be employed overseas. Neither can it afford a situation in which, given the present population growth levels, its population of 2.7 million is expected to double in 18 years.

## NEW POLICY TO ENCOURAGE PRIVATE SECTOR PRAISED

Amman THE JERUSALEM STAR in English 28 Aug-3 Sep 86 p 8

[Editorial]

[Text]

THE GOVERNMENT'S decision to embark on a new economic policy aimed at the transformation of a number of public corporations into public shareholding companies and furnishing the private sector with the opportunity to buy shares in others, is timely and historic, to say the least.

Notwithstanding the present economic situation and the fact that Jordan is on the threshold of a new five-year development plan, the move reflects serious determination by the government to cope with current developments and to rejuvenate the Jordanian economy so as to make it more resilient at a time when world economy is suffering from stagnation and regional challenges are making it difficult to steer national economies to safe shores.

The invitation to private sector companies and individuals to participate in the running of establishments previously owned and managed by the government also reflects a unique sense of partnership between private and public sectors never before taken seriously by Jordan, and indeed, most of the Arab countries. Such an experiment, although completely new, and requires careful planning and execution, is bound to revive the local economy and satisfy the dire need for confidence and trust among the various elements that make up the Jordanian economy.

Coming at a time when Jordan is about to launch its ambitious five-year development plan (1986-90), the move will certainly attract stronger interest by foreign creditors in the plan and will surely produce higher odds for the plan to achieve its desired goals.

We hope that the liberalization of the Jordanian economy, by inviting private sector involvement in public corporations, will not be a passing whim but will be translated into a concrete policy for this government and future ones.

We also hope that the steps to attract the private sector into participating, will not be limited to allowing it to own shares in just a few companies. A real partnership is what we all hope for and the successful experiments of other governments around the world is what we look at as an example.

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CSO: 4400/277

# DROP IN INTEREST RATES URGED

Amman JORDAN TIMES in English 24 Aug 86 p 4

[Article by Dr. Fahed Fanek]

[Text]

THERE is now a consensus that the interest rate on the Jordanian dinar is too high. Not that this rate has gone up recently, but because it has not changed at all since 1983, despite the overwhelming decline in the interest rates all over the world. In fact the rediscount rate in Jordan stands now at 6.5 per cent, the highest ever, while the rediscount rate in America is currently 5.5 per cent, the lowest in more than a decade. In contrast, the rediscount rate in Jordan was 6.25 per cent when the corresponding rate in the U.S. reached 22.5 per cent.

It is also agreed that if the Central Bank of Jordan deregulates interest rates and abandons rate fixing in an arbitrary manner, i.e. in a way unrelated to the changing rates in the world or changing circumstances of the national economy, the interest rate would definitely tend to decline and become 6 to 7 per cent on deposits and 8 to 9 per cent on credit facilities.

The rather high rates of interest on the Jordanian dinar have become more apparent now, not only in comparison with the lower interest rates commanded by other currencies, but also in comparison with the inflation rate in Jordan which is around zero per cent at the present.

Historically, real interest rates on the Jordanian dinar used to be negative, or lower than inflation rates. However, the real interest rate now is not less than 8 per cent, which is the highest real interest rate experienced in the country.

Although the Central Bank's law authorises its governor to fix interest rates on deposits and credit facilities, it does not oblige the bank to do so.

The Central Bank used to act in this field having in mind the protection of the public. Therefore the bank fixed the minimum interest rate payable on each category of deposits and the maximum interest rate chargeable to borrowers. The commercial banks were left free to pay higher interest rates on deposits, or to charge lower interest rates on loans if competition led them to do so.

This objective of the Central Bank was reversed in 1983. The Bank has since then shifted its position 180 degrees from the protection of the public to the protection of the banks at the expense of the public. As of 1983 the Central Bank started to fix the maximum interest rate payable on deposits, thus preventing banks from paying higher rates to depositors. It also fixed the minimum interest rate chargeable

to borrowers under which the banks could not go. The Central Bank, however, implicitly gave the banks a free hand to pay lower interest rates to depositors if they saw fit.

It is common knowledge that some commercial banks do not observe the floors and ceilings imposed by the Central Bank's instructions and circulars on interest rates. However, these circulars have become instruments in the hands of the banks against their customers. They also give evidence that the Central Bank, at one time, stood against free competition among banks in serving their customers.

On the other hand, the imposition of fixed rates of interest, which are not strictly complied with, is effectively a penalty against those who abide by the law and follow the instructions, and an advantage to the banks that care less about laws and regulations.

Evidently, the artificially high interest rate favours the holders of cash capital, and it generates higher income, tax exempt without efforts or real service.

The higher interest rate is at the same time a penalty against companies, producers, and entrepreneurs of the private sector who make the real investments, with funds partially

or totally borrowed. High interest rates mean higher cost, less profits or more losses, and lower return on new projects. It reduces the competitiveness in export markets.

As an incentive, the interest rate lures the public to invest in monetary assets at the expense of financial assets such as shares in companies, or real investments in industry, agriculture or construction.

The Central Bank itself recommended to the government earlier this month to liberalise interest rates, even though the liberalisation has always fallen within the jurisdiction of the Central Bank itself. The government has approved the recommendation. We are waiting and hoping that the Central Bank will finally implement its own recommendation in this regard, especially when the cabinet has endorsed it formally.

We may have to assure the Central Bank that the sky will not fall if the adjustment and corrections to the accumulated inefficiencies in the economy take place. Action is important if we want our economy to be able to respond to changes and challenges.

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CSO: 4400/280

## IRBID MUNICIPALITY BUDGET ANNOUNCED

Amman JORDAN TIMES in English 26 Aug 86 p 3

[Text]

**IRBID (Petra)** — Irbid Municipality's JD 3,117,118 fiscal budget for 1986 will be used to upgrade the city's services and to complete an industrial city in the northern governorate, Irbid Mayor Abdul Razzak Al Tubeishat announced Monday.

In an interview with the Jordanian News Agency, Petra, Dr. Tubeishat said this year's budget reflects the municipality's "keen interest on improving the quality of services offered to citizens."

Dr. Tubeishat explained that out of the municipality's JD 3,117,118 budget, an amount of JD 200,000 has been earmarked for new projects, JD 647,000 has been allocated to settle the municipality's outstanding debts and JD 163,000 for capital expenditure.

#### **Industrial estate**

The mayor said that the

municipality's working plan for this year centred on completing the industrial city project at a cost of JD 561,000. The industrial estate will provide 320 storage buildings and has been provided with all the necessary infrastructure. It will also provide job opportunities for Irbid's manpower and labourers, the mayor told Petra.

He went on to say that the city's 1986/1990 five-year development plan will provide for opening and asphaltting new roads, building pavements, and sewerage networks, as well as executing phase two of a truck depot and phase three of the municipality's central fruit and vegetable market.

Other schemes included in the city's five-year development plan and revealed by Dr. Tubeishat include setting up three wholesale fruit and vegetable markets, setting up a new municipality headquarters, a food laboratory

and another laboratory for testing construction materials, upgrading the city's infrastructural plan, introducing a fun fair city, building three handicraft centres, a national park and following up the completion of the industrial city.

#### **Organisational problems**

Commenting on recent press reports about the city's below standard services, Dr. Tubeishat said: "The municipality during the past years has suffered from organisational problems which will be tackled by the municipality's new plans to alleviate all problems related to the violation of building regulations and organisational codes."

He added that the municipality's council is working hard to asphalt roads and to build pavements in order to maintain road safety and to provide good public services.

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# SOVIET SUPPORT FOR ARABS DISCUSSED

Kuwait AL-MUJTAMA' in Arabic 6 May 86 pp 38, 39

[Article by 'Abd-al-Rahman al-Nasir: "When The Russian Bear Becomes a Paper Edifice"]

[Text] Anyone pondering the reality of Soviet attitudes toward the problems that concern the interests of nations and which emerge on the international arena from time to time, and especially those concerned with the Islamic nations, will discover that the Soviet attitude toward these problems resembles, to a great extent, the one prevalent in China during the rule of Mao Zedong when declarations, proclamations, and speeches enunciated by the leaders of China about their support of other nations did not go beyond such speeches and proclamations. That is why the world media described China as no more than a "paper tiger."

When the Russian Bear Is Made of Paper!

To begin with, we have no doubt that the Soviet Union and the United States represent the greatest powers in the world; and from this starting point we can say that most other powers revolve around the orbit of the Soviet Union or the United States, emphasizing the fact that there are various degrees of closeness with these two great powers.

It is worth noting that the Soviet Union always claims that it stands by the side of other nations in their struggle against the imperialist side led by the United States. It has been assisted in such a media campaign by the truly hostile American attitude toward other nations on most of the issues which emerged in the international arena. Such a hostile American attitude has become more clearly obvious through the continuous American support of the Zionist entity, taking into consideration the fact that the Palestinian problem was and remains the primary issue ideologically, nationally, historically, and in the future. The Soviet Union has taken advantage of this situation by its influence and domination; yet despite the long years, it could only achieve a little success which does not correspond with its attempts and ambitions. This fact itself is the result of many factors relating to ideological, historical, and regional causes. That is why we find that the Soviet policy tends to give our causes media support and some declarations and proclamations. And the Soviet Union stops at such limits, so much so that it has become a fact rooted in the minds of the Islamic nations that the Soviet Union is, in its attitude toward the causes, no more than a "Russian bear of paper."

The latest Soviet attitude toward the American raid on Libya was not the reason for such a conclusion because the paper nature of the Soviet bear was alive in our minds because of the Soviet attitude toward our causes for almost 40 years, that is, from the early beginning of the Palestinian question when the Soviet Union was one of the first supporters of establishing the Jewish state in Palestine. And after this state was established the Soviet Union has resorted to anesthetizing the Arab people through continuous media support campaigns since then. Dr Palayev, the Soviet expert on the Middle East, said in an interview with AL-MUJTAMA' in 1984: "The Soviet Union as a state envisioned an Arab state and a Jewish state in Palestine; then the decision for partition took place and we supported it. Regrettably, however, the Jewish state was established but not a state for the Palestinians, but this is not our responsibility, it is the responsibility of the Arabs."

He said again: "As for being the first or the second state to recognize Israel, this is related to our respect for the principles of the United Nations and the resolutions of the international organization."

We leave to the reader to perceive the extent of the obvious sophistry in the interview with the Soviet expert, for he equates the question of their support for the establishment of the Jewish state with the establishment of a Palestinian Arab state, and expresses his regret for not establishing an Arab state. The false Soviet support is limited to expressing regret.

As for the tale of the Soviet Union's recognition of Israel because of its respect for the United Nations resolutions, this is one of the greatest fallacies, because we know from the reality of Soviet policy that the Soviet Union has never given the United Nations resolutions any attention, especially when those resolutions concern the Soviet policy and the right of the Soviets to use the veto power, which does not give the United Nations much importance.

The obvious truth that comes through the Soviet expert Palayev and tens, rather hundreds, of other Soviet officials indicate that the strategic policy of the Soviet Union supports the establishment of the Jewish state in the heart of the Islamic world for ideological, political, and economic reasons.

Soviet weaponry represents the foundation of the armament policy of many Arab armies in Syria, Iraq, Egypt, Algeria, and Libya. And according to international estimates, the Soviet Union, by the end of last year, sold weapons to Libya estimated as \$15 billion. And if we compare this sum to what Syria, Egypt, Iraq, and Algeria paid we would realize the huge sums of money that entered the Soviet treasury as a result of the Soviet Union's respect for the United Nations resolutions. That respect impelled it to support the establishment of the Jewish state in Palestine, as the Soviet expert Palayev said.

#### Gelatinous Soviet Support

By contrast, the Soviet Union has given its support to Arab causes through media declarations that contains gelatinous words with no meaning. For



example, some of the Soviet bulletins say that "the Soviet Union stands with all its capabilities by the peoples who are struggling against imperialism," that "the Soviet Union has the right to take actions according to the situation." and that "the Soviet Union will fulfill its obligations by sustaining their defensive capabilities," at the end of these gelatinous declarations which the Soviet leadership used to repeat every attack on the Arab people, whether it happened in Libya, or during the Israeli invasions of Arab lands in 1967 or 1973, or during the invasion of Lebanon in 1982 when the Palestinian military forces received a big blow. The Soviet Union stood by, except for these gelatinous declarations which condemn and repudiate, and declared its readiness to sell more weapons to the Arab armies, in hard currency which the Soviet treasury needs to buy American technology for its industry and its production establishment and to buy wheat to silence the hungry people.

#### Contradictions of Soviet Attitudes

We mean by contradiction here the different attitudes of the Soviet policy toward similar affairs. What we would like to point out in this respect is the obvious contradictions in the Soviet attitude toward the problems of the Islamic world and the problems of other countries and peoples. For while the Soviets put all their material, political, and even military capabilities to support the Cuban regime in the early sixties during the missile crisis and to support the Vietnamese revolution and the military regimes in Ethiopia, Poland, and Czechoslovakia, we find that their attitude toward the causes of the Islamic world in Palestine, Lebanon, and Libya is characterized by liquidity and complete negativism, except for some declarations which do not fend off attacks or cover losses. This is despite the fact that most of the Arab countries which were subjected to attacks from America and Israel had treaties of cooperation and friendship with the Soviet Union.

We do not mean that the Soviet Union should thrust its forces to fight for us on our land; we mean to point out the contradictions between its announced positions and slogans on the one hand and its actual actions when the cause is related to the Islamic world on the other, which proves the fallacy of the Soviet Union and the false slogans we are faced with.

The best proof is its attitude toward the problem of Afghanistan, which has experienced 7 years of killing, burning, and destruction at the hands of the Soviet invasion forces unparalleled even in the days of Holo and Genghis Khan despite the claim of the Soviet leadership that it entered Afghanistan at the request of its legitimate government and to assist the Afghan people. The Soviet expert, Dr Palayev, commenting on the invasion of Afghanistan, said: "We entered Afghanistan for peace and not war, and when peace prevails, we will immediately withdraw, because we are in Afghanistan to help the Afghan people!"

The Soviet Union projects its power and arrogance only when its own interests are at stake; however, when it is related to the support of Islamic nations the Soviet Union becomes a paper bear.

CHINESE AGRICULTURAL DELEGATION VISIT CITED

Kuwait AL-SIYASAH in Arabic 9 Jul 86 p 2

[Article: "Chinese Delegation to Visit Three Exemplary Communities for Agricultural Development"]

[Text] Engineer 'Abd-al-Rahman al-Huti, minister of public works and head of the Management Council of the Public Organization for Agricultural Affairs and Fisheries, met yesterday morning in his office with the Chinese agricultural delegation which is currently visiting the country.

The minister welcomed the visiting delegation and expressed his hope that this visit would mark the inception of cooperation to the widest and most comprehensive extent, because the People's Republic of China has vast expertise in the fields of reclamation and the cultivation of desert areas.

The leader of the Chinese delegation, Mr Zhu Zenda, thanked the minister for the generous hospitality extended to himself and the delegation members accompanying him.

He expressed the readiness of his country to extend to Kuwait all the expertise his country possessed in various agricultural issues, particularly regarding cultivation and reclamation of desert areas.

On the Chinese side, the meeting was attended by the Chinese charge d'affaires accredited to the state of Kuwait, Jing Shanzhu, and the economic affairs adviser Cao Guanlin. Also in attendance were Engineer Ahmad Muhammad Sa'id al-Naqib, deputy director general of the Public Organization for Agricultural Affairs and Fisheries, and, Mr Ahmad Salih al-'Iqab, the organization's director of financial and management affairs.

The Chinese delegation, which arrived in the country yesterday evening, then went to the headquarters of the organization in al-Rabiyah, where a meeting was held during which the program for their visit was discussed and viewpoints and possibilities for cooperation between the two sides in diverse agricultural endeavors were exchanged.

Today, the Chinese agricultural delegation will visit al-Wafrah agricultural region. The coming Thursday, they will visit the agricultural experimentation

and seedling nursery station in al-Rabiyah. The coming Saturday they will visit al-Abdali agricultural region. This coming Sunday they will visit al-Shaqaya agricultural region and the Limited Company for Poultry. This coming Monday they will visit the Kuwaiti foundation for Scientific Research. This coming Tuesday they will visit al-Sulaybiyah smelter operated by the foundation. This coming Wednesday they will visit the 'Urayfjan region and the chemical refineries in al-Shu'aybah industrial area. On 19 July they will visit the Kuwaiti Company for Dairy Products and the Limited Company for Agricultural Manufacturing in al-Sulaybiyah. On 20 July they will visit some of the reforestation projects managed by the organization.

They will complete their concluding discussions at the organizations headquarters on 21 July. Then the delegation will depart the country the same day.

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PUBLIC REACTION TO ARREST OF TERRORISTS

Kuwait AL-SIYASAH in Arabic 3 Jul 86 p 4

[Article by Muna al-Shamari: "Reactions in the Street Observed"]

[Text] The citizens are expressing great happiness after the news announcing the arrest of the perpetrators of a rash of criminal bombings spread through the various information media. In conformity with the extent of the happiness, which pervades the nation from one end to the other, AL-SIYASAH on Monday surveyed the spectrum of responses of citizens, male and female, after the arrest of the destructive gang.

All of the citizens affirmed that they had been anticipating this good news all year long, and despite the atmosphere of crisis which affected their behavior, they never doubted for a single moment the ability of the security personnel, sooner or later, to apprehend the traitors and saboteurs.

They added: The next requested step is to impose the death penalty on these criminals as a warning and example to whoever lets himself be seduced into tampering with the security of Kuwait. They demanded that we live in constant vigilance and that we reassess our precautions, be more careful, strengthen security, and guard our activities and way of life in the nation.

Following is the transcript of the surveys:

Photographs of the Criminals Should Be Broadcast on Television

Mrs Dalal al-Ghanim said: The most important demand now is for execution...the hanging of those traitorous criminals, because they have wreaked havoc and terror on the hand, and the penalty for the killer is to be killed. Many innocent victims were martyred by their evil hands, which shed the blood of children. Now we demand that their identities and affiliations, and the motivations which impelled them to undertake these destructive operations which aimed at first to shake the independence and security of Kuwait, be revealed.

Likewise we demand that they be shown on television and in various other media so that we can see them and discern their characteristics. Perhaps they mingled among us in public, in which case we will recognize them. I think the authorities realize full well that the more information they disseminate to the citizens concerning the criminals, the more we will all cooperate with them in terms of security and independence in the public interest.

## Punishment in a Public Square

Muna 'Amir said: We all endured a long period of anxiety over the fate of this fine nation because we knew that the criminals would not stop as long as they were free and until they were arrested. Therefore, we endured many emergencies from the bombings, and only now can we all relax and affirm our confidence in the men of Kuwait and in their vigilance, which will prevent any surprises. Therefore, we demand that a public execution of these shameless people be conducted in front of all the citizens and residents in a public square.

We congratulate the security service and its personnel for their real effort, as we congratulate the Kuwaiti people who will finally avenge the souls of the martyrs and innocent victims, and we can congratulate ourselves for the rightly guided government and just policy which Kuwait pursues. Now it is up to us to be more careful and vigilant and to strengthen security for the important way of life in this country.

## The World Can't Contain It

Citizen 'Abd-al-'Aziz al-Khulayfi said: I heard the news when the minister of the interior delivered the announcement, and it gave me a deep happiness which I cannot forget and cannot describe.

Although the delay of the actual arrest for an entire year affected the citizens' mood psychologically, their happiness now cannot be contained in the whole world.

He continues: In fact, I myself began to be overwhelmed by despair, especially as the delay grew longer, and I could not surmise whether the length of time resulted from the shortcomings of the security apparatus or from the difficulty of the case.

Now, there must be immediate communication between the authorities and the people by means of the information media to analyze the case in detail, along with an explanation of the causes of the delay in its resolution for an entire year, in order for the people to regain their confidence, so that they can frequent public places which they now fear to go to because of their fear that the events could be repeated and occur once again.

Concerning the sentencing and punishment of those people, he said: The penalty for criminals in Islamic law is clearly and explicitly stipulated, and that is to crucify them and amputate their hands and feet. Please implement this penalty to punish the criminals who have tampered with the security of the homeland and the citizens, therefore serving as a deterrent to others.

## Happiest News

Citizen Nawaf al-Mutayri said: The news which we heard and read yesterday is the happiest kind of news, particularly because the issue of security is relevant to the fate of every citizen and every resident who lives in this fine nation.

We thank the Ministry of the Interior for the exhausting efforts it undertook, which lasted a long time, until it was able to apprehend this gang of saboteurs who had committed a series of evil aggressions. The most sinful of these was the episode of aggression against the motorcade of the symbol of Kuwait and the leader of our destinies, His Highness the Amir, God protect him. We, as a people ruled by just laws and aspiring to democracy, demand as a judgment the application of just penalties, of the law in which we place our faith, upon these criminals so that they can serve as examples to others of their kind.

#### It Didn't Apply to Us

Muhammad Sakhayn al-Anzi said: My feelings when I heard the news were those of a citizen who feels responsibility for his compatriots and adheres to the notion that every citizen should be a sentinel. Had this notion applied to enough citizens, it would have enabled us to resolve this matter a long time ago, and in a short period of time, with cooperation between the citizens and the security personnel. In any case, what happened demonstrates the efforts and the continuous and persistent alertness of the authorities.

He said he never despaired at the long time which elapsed during which they were fugitives fleeing from the hand of the law. He mentioned that for ever criminal, whatever his crime, there is no doubt that one day, sooner or later, he will fall into the hands of justice, and that is what happened to these criminals. He added that we, as citizens, demand that the authorities impose the death sentence on them, immediately, so that they can serve as an example to others who allow themselves to be seduced into imitating the operations and so that the citizens can be relieved from their sins.

#### This Is What We Need

Jamilah Ibrahim al-Sari'a, employee, said: We have not forgotten those frightening events, which surprised us all. We were expecting an immediate announcement from the security authorities of the arrest of the perpetrators. However, a whole year or more passed following the incidents, without an announcement from the authorities from their operations room or their headquarters, until we felt despair in our souls, and we said that God alone could protect us. Now, after the Ministry of the Interior has officially announced the capture of those who sowed terror among the people, their arrest has restored new hope to us, and our confidence in the dutiful security personnel has doubled.

Praise be to God the highest who enabled them to catch this gang which threatened the security of Kuwait and the security of the entire Gulf.

We, as citizens of this good nation, thank our security authorities and support what His Highness, Crown Prince and Prime Minister Shaykh Sa'd al-'Abdallah, has announced on more than one occasion: that Kuwait will crush with an iron hand anyone who lets himself be seduced. This is what we want, so that the sinners who perpetrated violations of the rights of the innocent pay the price of their crimes and serve as an example to whoever lets himself be seduced into following this path in the future.



## Indescribable Happiness

Nawal al-Rushud said: When I heard the news announcing the capture of the terrorists, I couldn't believe my ears, and then I felt indescribable happiness and boundless joy. For the accomplishment of this task we can take pride in the Ministry of the Interior and its security service for the effort it undertook to lay its hands on the wrongdoers. She added: Despite the long period of time which passed during which they were in hiding, I never felt a moment's despair that they would be arrested. Those who were responsible never let the case drop or expire, but rather were persistent in the investigation and pursuit to the greatest extent.

We have confidence in the security personnel and those who are charged with the security of the nation. The issue of the delay revolves around their lack of ability to find clues. In that regard, we hear and read that a year or two after the crimes were committed, a clue as to the perpetrators of the crime appeared, and the clue led to the criminals. No matter how long they were hiding, the noose around the criminals was growing tighter.

## They Took Their Time and Weren't Careless

Fahd Husayn al-Juhaydi said: We felt deep happiness when we heard this news, which we had been hoping to hear for a long time, but there was no doubt that we would eventually hear it, because the nation cleans itself of evildoers and criminals.

The length of time caused despair to pervade our moods, but thank God they took their time and were not careless and completed the arrest. We hope that security efforts will be intensified, for the sake of our nation and because of our great confidence in the security service of the Ministry of the Interior and its personnel.

He added: We demand the imposition of the most severe penalty on those criminals, who attacked the symbol of Kuwait, the father of us all, His Highness the Amir of the nation, and the families and children. It is the duty of all of us to impose the most severe punishment upon them, regardless of the consequences.

## It is Not Strange

Citizen Mahmud al-Balushi said: It is not strange that the security service announced the arrest of this gang of criminals. We recall previously the events at the American embassy and others, when they revealed the arrest of the perpetrators.

The problem lies not in the arrest but in the type of penalty which will deter others whom we may not yet have captured. This is what we wish the authorities would comment on. We attribute great competence to them for the deep and persistent efforts they expended which enabled them to arrest the criminals.

### Our Confidence Was Strong

Citizen Falah al-Jawhar said: Without doubt, this news caused indescribable happiness, especially since our situation had become uncertain, because over the year a number of hostile incidents occurred without an announcement of the arrest of the perpetrators. To a certain extent this indicated, although we do not know the confidential sides of the matter, that the security authorities had been slow.

Now that they have succeeded, we say that this is their only chance to seek out the roots of this network and to cut off its branches, and whoever is in contact with it or cooperates with it. Our confidence in the security apparatus remains strong and unshaken, and we give special thanks to Minister of the Interior Shaykh Nawaf al-Ahmad and all the loyal security service members.

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## RUSAYL DOUBLES INDUSTRIAL UNITS WITH NEW FACTORIES

Muscat TIMES OF OMAN in English 7 Aug 86 p 2

[Text]

### **Thirteen new industrial units will go on stream by the end of the year in Rusayl taking the total number of factories in Oman's first and only industrial estate to 27.**

Another ten plants, said Commerce and Industry Under-Secretary Ahmed bin Abdulnabi Macki, would commence production in the next year. Five of them were already under various stages of construction, he added.

Mr Macki was speaking about the facilities that the Government provided to boost industrial activity in the country, in an interview.

#### **Loans**

The incentives, he said, included highly subsidised utility services and low rents on industrial plots.

The Government also carried out feasibility studies, the reports of which were offered free to private entrepreneurs, as well as protection against foreign competition and loans at low interest rates.

The Ministry, the Under-Secretary said, disbursed a total amount of RO 16.5m to private companies during the second Five Year Plan under its soft loan scheme. This, he pointed out, was besides the RO 38.577 m worth of loans given by the Oman Development Bank during the plan to finance 138 projects.

He said the Government had allocated RO 121m for the industrial, agricultural and fisheries and housing sectors in the third plan.

But due to the current economic situation and because the plan had not yet been approved in its final form, the actual disbursement of the amount had not yet been done, Mr Macki added. He said the Government hoped to give final shape to the plan by the end of the year.

He said the Ministry's future plans to encourage private business included the setting up of industrial estates at Sohar, Nizwa, Sur and Raysut. But, this, he added depended on the availability of sufficient finances.

In reply to a question on proposals for a local stock exchange, Mr Macki said following discussions between officials of the Ministries of Finance and Economy and Commerce and Industry, the Central Bank and the Oman Chamber of Commerce and Industry it was decided to set up a Central Bureau for Exchange of Stock as a first step.

The Bureau, to be established at the Commerce and Industry

Ministry, would deal in shares of Omani companies in the first stage, Mr Macki added.

Rules and regulations for the Bureau were currently being finalised taking into consideration the experience of neighbouring countries in the field, he said.

Mr Macki reaffirmed Oman's total faith in free trade while answering a question on the Government's recent decision to impose import duties on a number of agricultural products.

Customs duties, however, were unavoidable to safeguard local products and did not contradict with the country's free trade policy, he said, pointing out that even industrial nations resorted to duties to protect their industries.

He added that Oman had known from experience that local industries could not grow unless given protection by the Government. Whenever a new plant began production, he pointed out, it was invariably found that the local market was flooded with products from rival foreign manufacturers.

The duty, the Under-Secretary said, was levied only after detailed

studies of the financial position of the industry concerned and after comparing the prices of the domestic and foreign products.

### **Imports**

He added the Government had made it clear that protective duties would be temporary in nature, thus discouraging the local manufactures to aim at high profits and low quality.

Mr Macki attributed the disparity in the prices of locally produced and imported cement to a steady increase in production against a sharp fall in demand in the neighbouring countries where there were nine cement units.

He said the two cement plants in the country, one in Raysut and the other in Rusayl, were the result of a substantial rise in local demand in the wake of a spurt in construction activity, at the peak of which imports went up to as high as 1.8m tonnes a year.

The viability studies prior to the setting up of the plants, Mr Macki explained, said that the locally produced cement could be sold at RO 27 per tonne. The ruling market price at the time was between RO 40 and RO 42 a tonne. The Government, thus, was highly optimistic about the two factories, he said.

But when the country began producing in 1984, the prices started declining because of a huge increase in imports, Mr Macki said. Prices crashed to RO 21 per tonne for bagged cement and RO 19.500 for the unbagged type.

### **Incentives**

The Government had no choice but to intervene with the imposition of customs duty. Even this did not help and the market continued to be flooded with cheaper imported cement, Mr Macki said.

It was extremely difficult, he

added, for Oman's new plants to compete with well established companies in the neighbouring countries.

However, the Government would continue to give top priority to protecting its industries and economy, Mr Macki said, adding it would also ensure that undue burden was not put on the consumer.

The Under-Secretary also spoke about the incentives that the Government offered to encourage foreign investment in the country. The Government provided loans on easy terms and customs duty exemption for imports of equipment and raw materials.

He added joint ventures were exempted from payment of taxes for five years and there were no restrictions on transfer of profits out of the country.

### **Tourism**

Agriculture, industry, fisheries and contracting had been specially earmarked for foreign investment, Mr Macki said.

Fisheries, he said, represented a good source of income and would be given all assistance by the Government under its economic diversification plan.

Mr Macki said the "Omani Weeks" organised in West Germany, Denmark, Austria, the Netherlands, Belgium and Britain were highly successful and had brought the private sectors in these countries and Oman closer. A similar event would be organised in Switzerland shortly, he added.

On tourism development, Mr Macki said the Government was encouraging the setting up of more Grade II and III hotels around the country by the private sector. The country, he added, already had enough Grade I hotels under the present circumstances.

## SAUDI ARABIA

### FOREIGN MINISTER'S VISIT TO KHARTOUM ANALYZED

London AL-TADAMUN in Arabic 28 Jun-4 Jul 86 p 18

[Article: "A First Reading of the Visit of Prince Sa'ud al-Faysal to Khartoum: A New Form for Cooperation Between Saudi Arabia and the Sudan"]

[Text] This past Sunday, 21 June 1986, Prince Sa'ud al-Faysal, the Saudi Arabian foreign minister, arrived in Khartoum on an official visit.

The attention of those who follow Arab-African developments and the relationships which tie the Kingdom of Saudi Arabia to the Sudan was caught by this visit for more than one reason, perhaps the most important of which is that the visit took place.

The following observations may help explain its importance:

First: It is the first time that a Saudi official has visited the Sudan since the fall of the government of President Ja'far Numayri and the beginning of government by parties in the Sudan. We here refer to announced visits, since some officials might have made unannounced visits between the two countries. For the most part, these were of a security type or would be described as personal envoys.

Second: It is noted that the Kingdom of Saudi Arabia reported that one of its officials did visit the Sudan during the transitional period, which lasted 1 year, though it was in the nature of a return visit for one like it, during which most of the pillars of the transitional government, half of them civilian and half military, visited the kingdom with most of them being given a conspicuous welcome. The most important of these visits, certainly, were those of General 'Abd-al-Rahman Siwar-al-Dhahab, of Dr al-Jazzuli Daf'allah, and 'Uthman 'Abdallah.

In this way, the Kingdom of Saudi Arabia wanted--according to what may be believed--to allow the Sudanese officials to treat the transitional phase in the manner which they saw as appropriate for the country, without their--that is, the Saudis--having direct or indirect influence on the course of events.

It is worth pointing out that Iraq did the same thing, but that Iraq has still not dispatched a senior, or even second-ranking, official to the Sudan.

Third: In contrast, Col Mu'ammarr al-Qadhafi did the opposite, and was very concerned with the Sudan affair from the first day of the transitional phase. This concern, from his side, appeared commensurate with his strong quarrel, even enmity, towards the government of former president Numayri.

Fourth: Also in contrast, President Husni Mubarak was greatly concerned and very cautious about the transitional period. He became more and more occupied, after the end of the time appointed for the transitional stage and the beginning of two-party government in the Sudan, since Egypt has boundless sympathy for the second party--the Democratic Unionist Party--and the first party--the Ummah party--is without its traditional hostility to Egypt, not to speak of the Sudanese military, for which Egypt continued to have feelings fluctuating between good and better.

Fifth: The arrival of Prince Sa'ud al-Faysal in Khartoum on an official visit surrounded by a great deal of interest was coincident with a trend in the Sudan toward normalization of relations with the Soviet Union and the willingness of the government strongman, Mr Sadiq al-Mahdi, to visit the Soviet Union. Libya worked behind the scenes to transform the visit into an event equal in importance to former President Jamal 'Abd-al-Nasir's first trip to Moscow in the fifties which caused a small, then a great, then a very great, change in the map and the commitments and climate of the Arab region.

Likewise, the visit by Prince Sa'ud al-Faysal coincided with a rapid endeavor by Sudan to normalize relations in a firm and conclusive manner with Egypt and Libya in the hope that this would achieve a unified plan encouraging on its behalf a part of the Unionists and a part of the Ansar. This plan aims to achieve a Sudanese-Egyptian-Libyan alliance setting forth a new means for cooperation with others.

Likewise, the visit of Prince Sa'ud al-Faysal coincided with the drying up of traditional financial support, which had gotten to the point of needing what resemble regulations to keep it from being transformed into support obtained in the same way as the previous government, accompanied in some phases by ambiguities and complications.

Sixth: Although the visitor was a Saudi diplomat, some military matters were discussed by some who were with him, in order to expedite the arrival of military assistance which General 'Uthman 'Abdallah had discussed previously with Prince Sultan ibn 'Abd-al-'Aziz when he visited Riyadh during the final quarter of the transitional year, at which time the prince participated in a ceremony of great interest at one of the air bases.

What did the prince discover in Khartoum?

The best form of the question might be: What did the Saudi diplomat not discuss with the Sudanese officials?

Most likely, he discussed political, economic, and military matters. But the importance of the visit is still that it took place, and that it took place in

spite of the inauspicious introduction it had when it was delayed two days due to a dust storm encountered by his special plane. The simple fact that it took place means that the basis for Saudi-Sudanese cooperation will not be according to the pattern which prevailed during the rule of the previous president, when visits were made by just one party--the Sudanese-- which was a topic of annoyance for the Sudanese as a people and for the Sudanese officials, in general.

This story is still purely a first reading of the visit of Prince Sa'ud al-Faysal to Khartoum.

12780

CSO: 4404/381

PROBLEMS OF JORDANIAN WORKERS IN KINGDOM DESCRIBED

Amman JORDAN TIMES in English 24 Aug 86 p 5

[Article by Najwa Najjar]

[Text] Riyadh--When the price of oil plunged below \$15 a barrel from its high of \$34 a barrel a year before, it was as though Saudi Arabia's lifeline was cut temporarily. No one expected the boom of the 1970's to end quite so soon. This problem presently plaguing Saudi Arabia and the whole Gulf region spells trouble for most foreigners here. Jordanian expatriates were affected just like other nationals working in the kingdom.

Many Jordanians have, over the years, contributed considerably to the development of Saudi Arabia. In a matter of twenty years Riyadh, the capital of Saudi Arabia, has grown from a desert town to an ultramodern city. Six lane highways, marble buildings, neon lights, and skyscrapers are now what make up the city's landscape. The best of everything from all over the world is available to consumers here. Accumulated revenue from oil has made this fast development possible. Now with the drop in the price of petrol and world recession as a whole, development projects have come to almost a standstill.

Nabil, a contracting engineer who declined to give his full name, said that with less capital available and an already complete infrastructure the number of new projects will be limited. Areas still open for possible contacts are defence and maintenance, he said. Several individuals interviewed by the Jordan Times noted the profound competition for the remaining projects in the kingdom as compared to a few years ago when projects were plentiful.

Jordanians who are able to find projects or are completing projects, must contend with another problem resulting from the financial difficulties the kingdom facing. Yousef, a part-owner of a company, who like the others interviewed would not reveal his full name, spoke of the cancellation of projects: "In the last six months, we have embarked on 11 projects. Not a single one of those projects has received payment in full from our clients." He said that recently it has become common for companies to complete a project and then have the client refuse or delay to pay the balance of the project saying "there is no money," or will pay 10 to 30 per cent of the outstanding payments. "Clients make it official by writing on paper they



lack funds and are unable to pay for the completed project, and there is nothing we can do about it," said Yousef.

No payment or only partial payment has several consequences on companies' owners and employees. Firstly and obviously, it means less turnout, said Nabil. He noted that when he came to Riyadh in 1977, the turnout of his company was Saudi Riyal (SR) 200,000. This figure rose to SR120 million by 1982, and plummeted to SR20 million by 1985. What most companies usually do to compensate is reduce their overhead (indirect) expenses according to Yousef and Nabil.

The next step is cutting on employees salary. Almost all employees, Saudi and foreign, have had their salaries cut by at least 30 per cent in the past year, said a source, who requested complete anonymity. The source said that by the end of last year, her salary was 30 per cent less even though she had held her position for 23 years. Nada, a nurse, had her salary decreased even further. "Last June the hospital reduced my salary by 27 per cent, and a few days ago I received a letter telling me that it will be further reduced by 20 per cent. A reduction of almost half in less than one year, it's incredible!" she exclaimed.

Some companies are forced not only to cut salaries, but to lay off employees. Other companies which cannot do so must pay employees from their own pockets. Yousef explains: "We have certain projects which have a time limit and we need a certain amount of workers to complete them on time. At the same time we are not receiving full payment from our clients. The money must come from somewhere to pay our employees, usually our own pockets." He also explained how the lack of funds has caused a deterioration in the morale of workers and consequently on the quality of work produced. "We must work twice as hard to get 10 per cent of what we earned a few years ago," he said.

The present economic situation has forced many Jordanians to hand in their old jobs for more profitable ones. Ziad, a contracting engineer turned businessman, said that he changed his job after six years and has chosen to import small sophisticated gadgets from the Far East because "It requires less capital. I would be able to import a large quantity for a small price. And if the business does not do well, I won't lose too much."

Despite the difficulties, Jordanians interviewed feel that the economic situation in Saudi Arabia is much better than in other Arab countries. However the Saudisation plan on which the kingdom has embarked on makes it difficult for many Jordanians to renew their visas, and for others to enter the country. The plan calls for the replacement of foreigners by Saudi nationals who have the qualifications. In addition the Saudi government has taken stringent measures to ensure that only those foreigners with specialised degrees the country is in dire need of do enter the kingdom.

On the other hand many Jordanians who are eligible for citizenship are becoming Saudi nationals in order to stay in the country. Others are emigrating. "I would prefer to stay here, but we are not encouraged to stay. You do not ever feel like a permanent resident here. For example you cannot own property. As an Arab, I would like to stay in the Arab World, but all the other countries are so unstable," said Nabil. Western countries rank high among the choice of countries Jordanians prefer to migrate to.

SAUDI ARABIA

NEW AIR FORCE COMMANDER PROFILED

London AL-MAJALLAH in Arabic 4-10 Jun 86 p 10

[Article: "Prince Khalid ibn Sultan, Commander of the Saudi Air Defense Forces"]

[Text] Prince Khalid ibn Sultan ibn 'Abd-al-'Aziz assumed his post as commander of the air defense forces in Saudi Arabia upon publication of a royal decree appointing him to this post and promoting him to the rank of major general.

Prince Khalid was born in 1368 A.H. He is married and has five sons. He graduated from the British royal military college at Sandhurst in 1967 with a certificate of excellence. He then took a Hawk missile staff course and a course on air defense electronic warfare in America. He also obtained a master's degree in military science from the military command and staff college at Fort Leavenworth in America in 1979, and he obtained a tour at the senior war college for strategic studies. He won the title "distinguished graduate," a title rarely won by other than American or NATO officers.

The research which he submitted received a first-class evaluation, and received the Orville Anderson prize as the best study of 1980. He also took a course on defense and international affairs at the Institute for International Defense Studies in America, in addition to a master's degree with honors in administration and policy sciences from Auburn University in Alabama. He has been selected as an honorary member of the Academy of Political Science in America.

Major General Sultan began his professional life in an air defense squadron in Tabuk, working as a staff training and support officer for air defense operations. Also, he worked in the inspection and supervision section of the command; he was director of the planning and administration section for air defense projects; he worked as assistant to the commander of the air defense forces, and then as deputy to the commander of the forces for 6 years.

12780

CSO: 4404/381

STATE MILITARY PREPARATIONS DISCUSSED

Riyadh AL-DIFA' in Arabic Apr 86 pp 64-70

[Article by Major General 'Abd-al-Razzaq al-Dardari]

[Text] Achieving victory in modern wars is the result of substantial joint efforts carried out by all the government agencies and organizations on the basis of an integral operation, in which all the given capabilities are used, and for which the maximum possible energy is exerted.

It is extremely dangerous to leave the affairs that touch on the existence and the future of the state, especially the affairs of its defense, to the unexpected and to fate. Everything in this field must be calculated, and must be carried out at the appropriate and correct time, so the state will not be surprised in its development by an armed conflict without studied and thorough preparation.

All the measures, procedures, and efforts that the state takes in peace time in the path of achieving a victorious conclusion to the armed conflict are arranged under what has become known currently in military science as preparing the country for war.

Preparing the country for war is not a fixed or limited operation that is completed and ends at a fixed time, then stops. Rather, it is a continuous operation that adapts itself to the development, and follows the events, and precedes them to prepare for them.

Likewise the operation of preparing the country for war is an integral operation and is not the responsibility of one authority or organization in the state. Rather, it is the responsibility of all its organizations and agencies. It is carried out according to a comprehensive plan studied in depth and objectivity, on the basis of a sound operation that is compatible with the reality and nature of the state itself; it is done with the nature of the wars that it will enter, which is the reason for the in-depth view and the detailed study of the international events, especially that which could affect the state or take place on its soil; and the determining of the situation of the state, its policy, its manner of work; and then the preparation itself for the correct and successful meeting of the conflict.

Preparing the country for war comprises a group of principal preparations. The most important of them are:

- Preparing the armed forces
- Preparing the people
- Preparing the state agencies
- Preparing the national economy
- Preparing the theater of operations

#### Preparing the Armed Forces

The armed forces is the country's preventive shield against the enemies. It is what preserves the peace of its national territory, and protects its possessions. It also carries out the prevention of aggression and its destruction whatever the enemies contemplate.

It is not possible for the armed forces to be able to carry out these tasks in war unless they have been prepared and built up correctly during peace time.

The preparation of the armed services is considered one of the first duties of the state, since this task is given the greatest share of the attention of its political leadership. It is considered the most important component in the operation of preparing the country for war. Likewise, the building up of the armed forces is considered the vital sphere for military strategy whether in theory or practice.

The burden of preparing the armed forces does not fall on the agencies of the Ministry of Defense and the general command of the armed forces only, but on all the agencies and organizations of the state that take part in the preparation, and work to respond to and to fulfill the requirements and needs of the armed forces, so that its building up will take place comprehensively, based on solid and firm supports.

Affecting the operation of preparing the armed forces are a number of factors, the most important of which is the strategic political goal of the country, its economic situation, the nature of the likely enemy, in addition to the condition of the theater in which it is expected that the military operations will take place in the future.

The careful study of each of these factors, and taking them each into consideration, results in building up forces capable of protecting the nation.

The preparation of the armed forces includes the following steps:

- (Strategic) planning to utilize the armed forces.

- Estimating the size of the armed forces in peace and war time, and laying down the mobilization system and the positioning of these armed forces.
- Laying and executing combat training plans.
- Laying and carrying out supply plans.
- Preparing and equipping the operations' theater.
- Organization and administration of (strategic) reconnaissance.

#### (Strategic) Planning to Utilize the Armed Forces

Strategic planning is considered the backbone support in preparing the armed forces. It concerns basically the utilization of the armed forces in war, securing it with all its material, technical, and manpower needs.

The (strategic) plan to utilize the armed forces is carried out by the armed forces general command structure (the Ministry of Defense). The political leadership of the country approves the plan.

The strategic plan to utilize the armed forces includes many general and specific plans. The most important of these are:

- The idea and strategic decision to utilize the armed forces in the war.
- The strategic plans to utilize the types of the armed forces. These include plans to use the land, air, naval, and air defense forces.
- A mobilization plan for the armed forces, and a plan of (strategic) dispersion, and building strategic groups, and the activity in theaters of operations or in operational directions.
- A plan for (strategic) reconnaissance before and after the start of the operations.
- Comprehensive security plans for the forces.
- A control plan.
- A strategic plan for deception and (strategic) camouflage.

When planning, the (strategic) goal that must be fulfilled must be kept in mind with efficiency, and the necessary capability. Likewise to be kept in mind is reality, the troops' realistic capacities and capabilities, now and in the future, as well as the capabilities of the country and its abilities to serve the armed forces and to fulfill its needs.

The plans must be examined periodically or whenever radical developments overtake the events surrounding the country that might be affected by it.



This is so that the plans will respond to these developments and ensure its meeting them competently.

Determining the Size of the Armed Forces in Peace and War Time; Building Up These Forces and Laying Down the System for Their Mobilization and Positioning

No country, no matter how high its economic capabilities, can maintain its armed forces at full strength all the time, for that would be a great burden on the country's economy, and a great effect on the way of life in it. Therefore, during peace time most of the countries rely on a size of the armed forces capable of dealing with the unexpected events by establishing a detailed and safe system to mobilize the size necessary to complete the armed forces in war. No doubt that every country has its special conditions that determine the size of this or that portion. That is because the issue requires that several issues be weighed before making a decision about the size of the armed forces in peace time and its size during war time.

Care must be taken when the decision is made about the size of the armed forces and the method of building them up, so that this size responds to the requirements of modern warfare, and follows the directions of developments, whether in equipment or in combat method. Likewise attention must be paid to the great losses in manpower and equipment that occur in modern warfare, so that the required size ensures the ability to continue in combat.

From all that, the size of the armed forces of the country during peace time differs from their size during war. In peace time, the size of the armed forces is at the level that will enable it to stop any surprise enemy attacks, and to begin the work of great activity with the capability to support the first defense forces with new mobilized troops.

The size of the armed forces in peace time must include troops capable of beginning combat operations immediately without the need for a long time to be positioned. It means raising of the level of readiness, especially in the air force and the air defense forces, the personnel organizations located near the borders of the country, and in the principal theater of operations. It enables work to begin immediately while the repelling the enemy, and giving the necessary time for the mobilization and positioning of the rest of the armed forces organizations and their defense to the theater of operations.

The size of the armed forces in war time is delineated in light of the political and military goals of the country and strategic tasks that must be carried out in the war. Likewise, it is delineated in light of the size and capabilities of the expected enemy, the necessary proportion required to counter it, the length of continuing the operations, and the scope of the expected losses.

The proportion of the size of the armed forces in war time differs from its size in peace time, according to the political, military, and geographic situation. This relationship differed in World War II between 1:5 in some countries, such as France, and 1:29 in other countries, such as America.



The need to increase the size of the armed forces in peace time is always present. Many countries, among them the Arab countries, indeed preserve a large size of their armed forces at all times.

When the armed forces are the biggest drain of the economic and human resources of any country, then it is necessary not to rush to preserve a large size. Instead a detailed plan should be set down that is capable of transferring the forces from a state of peace to a state of war in as little time as possible, and by the best means.

Mobilization, in its fullest meaning, is the transformation of the entire country from a state of peace to a state of war. It can either be general, partial and secret, or open. General mobilization comprises the mobilization of all the resources of the state. Therefore, it is naturally open. Partial mobilization, which comprises one division, or many divisions of the state, can be carried out secretly, especially if it is confined to the mobilization of the armed forces only.

The armed forces mobilization plan is prepared according to the state's general mobilization plan, and it must not diverge from it, or change its direction or goal.

The mobilization of the armed forces generally comprises the filling out of the organizations that are shrunk during peace time with personnel, arms, and equipment. It might also include the formation of new units required by the conditions of the situation.

The armed forces mobilization plan is considered one of the most important strategic plans that the armed forces command lays down in peace time for which must be exerted all the capabilities to ensure its execution with exactitude and speed when the order to carry it out is given.

Whenever the mobilization plan is complete and its capabilities appropriate, then it is carried out, based on the size of the armed forces during peace time, accompanied by the lessening of the burden on the national economy.

The most important thing the mobilization plan requires to ensure its execution quickly and exactly, is the presence of personnel mobilization centers and warehouses to store arms and equipment, with available means of transport, and good roads for the speedy arrival of the mobilized elements to the organizations at the appropriate time in addition to the existence of a detailed system for warning and summons, with testing and improvement in the system.

There is no doubt that the use of modern electronic equipment and computers at all levels will result in speedy execution and in exactitude and will contribute to the efficiency of the system as a whole.

When the armed forces emerge (as a result of a general or partial mobilization), with its size being necessary for war, an important stage

begins in preparing the armed forces for battle. This is the stage of (strategic) dispersal of the troops, building up of strategic and operational concentrations in the theaters or tendencies of the anticipated operations.

The operation of dispersal is carried out in three stages that begin with the stage of (strategic) assembling, by which the transfer of the armed forces is carried out, and they are distributed in the theater of operations. Then comes the stage of concentration to organize the forces in joint concentrations from the types of the armed forces according to the requirements of the operations in the various directions. Then comes the stage of distributing these joint concentrations in the previously determined directions.

These stages are carried out at determined times and in a manner that ensures the completion of the (strategic) dispersal of the troops at the appropriate time and in the proper direction.

The operation of the (strategic) dispersal of troops does not usually only take place after the complete mobilization of the armed forces, but it also takes place during it, since the organizations move as soon as the mobilization is ended, according to the priorities set out for the operations and their commencing the occupation of their positions in the directions determined for them.

The operation of (strategic) dispersal is not considered complete except with the execution of the following procedures:

- The arrival of the joint organizations of the various forces at their sites in the theater of operations, and their entering under the command of the special operational concentrations for the various directions.

- Establishing aviation units in the forward airports.

- Establishing naval units in their bases or the areas of their activity at sea.

- The taking up by the air defense forces of their positions delimited in the plan.

- Establishing the administrative units in their positions and the routine of their activities and duties.

- Opening the headquarters and the control sites and preparing them for the administration of operations.

- The receipt of concentrations and units of their combat duties, their carrying out the operations of the conflict, and the notification of their readiness to begin combat.

Due to the importance of this stage of preparing the armed forces--the stage of the strategic positioning--and due to its nature characterized by the heavy

movements and huge mobilization, it must be well planned, so that it is carried out well at the determined time. Likewise, it must make ample arrangements to protect against the enemy who will try to frustrate the dispersal operation and to prevent the preparation of the troops in their sites at the correct time. Protection against the enemy's aircraft must be established, and against his electronic interference with the control networks of the forces carrying out the movement, and likewise against surface to surface missiles, and sea to surface missiles.

#### Training and Combat Preparation for the Armed Forces

Combat training of the troops is considered one of its most important duties during peace time; it is the basis of preparing it for war. Good, tiring training built on good bases is the cornerstone of creating competent forces capable of entering combat and in facing every situation. In addition, it establishes the protection of the state against any enemies.

Therefore, among the most important yearly plans of the armed forces is the combat training plan that aims to develop the combat competence and readiness of the various units, organizations, and principle branches in addition to the general command organizations.

The combat training plan is built on the basis of the expected operational tasks and the nature of the anticipated conflict and likewise, in meeting the expected combat style of the enemy and his tactics. That is on terrain similar to the nature of the anticipated theater of operations. Likewise, the combat training must direct the attention to the reality and to plant the spirit of initiative with the commanders at the various levels, in addition to training them in the correct method of leading their troops, and to control them in the most severe conditions and trying combat situations.

Combat training has many different forms, but there is no place to mention them here. The important thing, though, is the concentration on the individual soldier, to raise his competence in combat, and to utilize his weapon, his equipment, and his physical capability; and to raise his cultural level, and to plant the spirit of initiative and discretion. Likewise, the concentration on the joint training for the units until they reach the level of operational training in which the major armed forces organizations take part in conjunction with all types of armed forces (land, air, sea, and air defense, etc.). Training takes place through military operational tasks, to solve all the problems that the armed forces might face in war, and this is because the training takes on the aspect of actual modern warfare.

Therefore, it is necessary to concentrate on current conditions in the troop's training and to operate under conditions when the enemy uses weapons of mass destruction.

## Comprehensive Security for the Armed Forces

Comprehensive security for the armed forces is considered one of the principle strategic military tasks. It falls basically on the shoulders of the armed forces general command (the Ministry of Defense). But some of the burden falls also on some of the bureaus and organizations of the state that cooperate with the Ministry of Defense in the path of carrying out the administrative and technical tasks of the armed forces until their preparation for armed conflict is complete.

The principle factor in the security of the needs of the armed forces is the delineation of its needs, exactly. Affecting these needs are factors such as the size of the strategic and operational groupings designated for the conflict, the nature of their support tasks, the expected conflict and its severity, the time it is expected to last, the strength of the enemy, and the nature of the theater of operations.

Likewise, in all cases careful and in-depth estimation must be made of the developments of the expected situation so that the estimation will meet the needs of the armed forces correctly and so it will be successful in confronting the initial stages of the war and the expected combat developments. The preservation by appropriate strategic precaution of the various needs is one of the important bases when planning the security of the troops.

Due to the importance of this precaution that effects, to a high degree, the scope of the ability of the state and the troops to continue in the conflict, it is important to divide it into steps:

-- The prevention of emergencies. This is preserved at the level of the organizations and the general command to meet the consumption during operations.

-- Strategic prevention is considered a part of the stores of the country and is set down under the action of the general command to counteract any increase in consumption or any unexpected conditions.

-- Reserves of the state. They are designed to meet the needs of the people and the armed forces in the case of an unexpected large consumption of supplies as a result of massive destruction of some of the sources of production, or the occurrence of an event in them. The consumption is carried out from this precaution until the operation to re-built and work is complete.

In addition to state reserves of principle supplies, every organization or factory must preserve a portion of raw materials, and finished products, or half of the production as a special precaution to counter emergency situations. They must also preserve, as a precaution, the necessary energy to operate the sources of production in all its types.

There is no doubt that the nations that do not produce the needs of its armed forces and its people and which depend to a great extent on importing these



requirements from abroad will face the most severe and difficult situations in the case of these foreign resources being controlled and denied, or in the case of some of its necessities being kept from it. This would call with urgency for the country to work to build the various factories and to obtain the sources of production to realize complete or partial self-sufficiency, especially in relation to strategic materials. Likewise, it is necessary that it cooperate with similar countries to complete the production of the requirements of the conflict.

If the country does not carry that out, there is nothing else for it to do but to store the required reserves for various needs with whatever burden that puts on the national economy.

#### Preparing and Equipping the Theater of Operations

The theater of operations is considered one of the biggest factors affecting the preparation of the armed forces and the method of carrying out their combat duties.

The goal of preparing the theater of operations is to provide the appropriate conditions for the speed and secrecy of the positioning of troops in different directions and supplying them with as much protection as possible, especially against the effects of the weapons of mass destruction. Likewise, it aims to provide the most appropriate conditions for the most effective utilization of all the weapons and combat equipment by deceiving and misleading enemy forces, and hindering the actions of the enemy.

Due to the major developments in the means of armed conflict and their long range, all the territory in the country has become a theater for operations that must be made ready and prepared for what will be used directly or indirectly for the operations of the armed forces during battle in any part of the country's territory and in which protection and the safety of the people and resources is provided.

Due to the importance of this subject, a small section on this has been appended to this study.

#### The Organization and Administration of (Strategic) Reconnaissance

In a study of the principle preparations in the operation of building up the armed forces, we find that the common factor in the correct preparation is the supply and expansion of correct information about the enemy which cannot be supplied except by the means of a precise, capable system for reconnaissance.

The first duty of reconnaissance, is the continuous obtaining in peace time of information about the enemy and the following of his various activities. This ensures that he does not surprise us and it gives the opportunity to our forces to prepare and to take the necessary procedures to repulse the attacks before they begin. The task of strategic reconnaissance is not restricted to

military aspects, but it also comprises all the aspects related to the war effort of the enemy.

Likewise, strategic reconnaissance has as its goal the awareness of the intents of the enemy, the obtaining of special information about his political and military plans, mobilization procedures. It seeks a knowledge of his military, economic, scientific, and technical capabilities, his combat equipment, and its range of development along with the mental state of its citizens, whether in or out of the military forces, and the scope of readiness of the expected theater of operation. In other words, everything that pertains to the enemy, and everything that affects the anticipated conflict.

The obtaining of all this strategic information does not rest only on the shoulder of the military agency for strategic reconnaissance. Rather, it rests on the shoulders of all the other agencies of the state that play a major role in obtaining the information. Diplomats abroad, economic consultants, information, and cultural attaches in the embassies all play a major role in this field that requires they must be made suited to these activities. That is done by enrolling them in the advanced military colleges (the national defense college) so they can follow the various activities that the enemies of the state are undertaking, to get good results from these activities, and to transmit them using the specialized system at the appropriate time.

The military system responsible for strategic reconnaissance must not confine its work to purely military aspects. It must also follow political, economic, and war aspects of the country and enemy countries. It depends in the carrying out of its duty on the military attaches abroad. Likewise, it depends to a great extent on the means of electronics, aerial, and naval surveillance. Likewise, it has come to rely on the information sent from satellites that specialize in reconnaissance.

Strategic reconnaissance is a large, many-sided, and interlocking activity. But it cannot achieve the results desired from it unless there is organization and coordination among its various means, so that efforts are not contradicted or repeated.

Because of that, the importance of the presence of a single system to be responsible for this critical task at the national level appears. May God grant success.

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UNITED ARAB EMIRATES

FINANCE OFFICIAL INTERVIEWED ON ECONOMY

Abu Dhabi AL-ITTIHAD in Arabic 11 May 86 p 19

[Interview with Muhammad al-Habrush, head of the finance department of Abu Dhabi, by Muhammad Harahshah; date, place not given: "Our Investments are for Future Generations ... and not Subject to the Influences of the Daily Financial Markets"]

[Text] His excellency Muhammad al-Habrush, the head of the Abu Dhabi finance department, affirmed that it has been decided to review the 1986 budget for the emirate of Abu Dhabi after the fall of the rate of income and the fall of oil prices, and that the new budget will result in a larger deficit than for 1985, and will give priority to projects which are necessary and obligatory for the emirate, without waste. The numbers of the new deficit will not be known until preparation of the budget is completed. In a comprehensive and frank interview with AL-ITTIHAD, his excellency said that the budget must be decreased, provided that it not harm the general interests of the nation. He said that we must live through the fall in income just as we lived through the previous rise.

He referred to termination of service as a means and not a goal, and said that this will not be done randomly, but in a studied manner.

About our investments abroad, his excellency said that they are for future generations, and will not be touched at the present time. They are not affected by the decline of the price of oil, the dollar, and interest, because they are set according to a fixed, long term strategy at different rates, and are not subject to the affects of the daily financial market.

His excellency pointed out that some banks suffered large losses in the market and were suffering from a problem of uncertain obligations. They must treat the problems deliberately and calmly and take the precautions necessary to counter the losses, which will ultimately rebound upon the shareholders. He denied the accuracy of what is being said about government participation as a solution to the problem of the debts due to its responsibilities as creditor and debtor.

facing a new budget with new figures commensurate with the current rate of income. We have demanded some decreases from the departments, and agreements has been reached on them, and we are now facing sending it again to the executive council very soon.

#### The Deficit ... Exists

[Question] What is your estimate of the new budget's deficit, and how will it be covered?

[Answer] The deficit for this year will be larger than the deficit for last year. We have asked the departments to decrease their budgets by 15 percent, to which they have agreed. But there are unforeseen new factors, which might change the figures, and until preparation of the budget is completed, it is not possible to give the correct figure for the deficit, so that I am not misleading in this area. I do not think that it is necessary to mention figures, because the basis for the deficit is present, whether it be large or small, and it will not advance or delay anything. I cannot determine how it will be covered, although we are presenting thoughts to the agencies responsible and it is up to them to decide which means to use. Domestic or foreign loans are possible.

[Question] According to recent statements, it has been decided to decrease the federated budget by 30 percent. Is there a similar plan on your part for the local budget?

[Answer] A decrease is necessary at the present time, whether it be 10, 20, or 30 percent, if it is possible to determine the specific percentage for the decrease without harming the general welfare of the citizen. We want to realize this decrease, and we hope that we can realize this percentage, but this is subject to given facts and higher policies.

#### The Fall of Income ... and Sensible Speculation

[Question] What is your conception of the economic situation for the coming stage in light of the fall of oil revenues?

[Answer] The fall in income might be beneficial in that it has made us think sensibly and set down development plans and projects for the country in light of real and pressing need without waste on projects which might be very visible but which are without long-term benefit for society. Just as the oil states benefitted from the sharp rise in petroleum prices, so it is inevitable that they deal with the problem of the sharp decline of oil prices currently. This is the nature of life--"gain and loss." It is inevitable that the result is correlated with two conditions. The new situation is, no doubt, difficult. We are selling a commodity and there is supply and demand. We used to receive high rates of income. Now the situation is different, and we must live through it. Just as we experienced high income, it is inevitable that we experience lowered income.

## Termination of Service

[Question] The government and organizations are drafting a wave of terminations of service, and there is a rumor about decreasing local departments. What is your opinion about this, and what affect will this have on the economic situation?

[Answer] In regard to the topic of the termination of service or "reviews," it is my viewpoint that if it were a matter of terminating service for the sake of termination only, there would be no debate. But I think that if there were a local department--during the best of conditions--full of non-productive employees, then it would be necessary to release them, because they would become a weight on the department. Termination of service is only "the means," not the end. If this path were embarked on for the sake of lowering the deficit, by reducing the number of employees at random, then we would not make this decision or resort to it.

## Our Investments Are for the Future Generations

[Question] Some of the gulf states have reported the numbers for their investments abroad, and some of them have withdrawn large sums to defray expenses. Can you give us an idea about the investments of the government of Abu Dhabi? Is there an intention to withdraw them to cover the decrease in income?

[Answer] His Highness Shaykh Zayid bin Sultan Al Nuhayyan, the head of the government, has decided that these investments, which have been gathered over the past years, do not belong to us, but are permanent assets not to be used at the present time. Each state has complete freedom of action in its investments. As for ourselves, we do not intend to withdraw these investments at the current time, because they are for the provision of the future generations. Our position at the current time is excellent. If we must finance our budgets, we will do so by traditional loans.

## Strategy for Investment

[Question] The price of oil, the dollar, and interest has fallen a great deal, and, consequently, the state's investments are affected. Can you give us an idea of the extent of this affect, and a means to alleviate and lessen it?

[Answer] We should all know that our investments are not in dollars. Primarily, this in accordance with a strategy of distributing them among countries with free economies in various currencies. They are not affected by a drop in the price of the dollar or interest because in the overall make-up of the investments each covers the other. We are present in the market. There is a kind of balance in our investments from the perspective of currencies and from the perspective of geography and quality. Our investments have a long-term strategy, not for the sake of realizing a profit by the end of the month, and they are not subject to influences that occur in the financial market day after day.

## Devaluation of the Dirham

[Question] What is your opinion about devaluation of the dirham in light of current conditions, and what are the justifications for this?

[Answer] The dirham, as a currency, is not and will not be influenced by what happens to other currencies, because the value of the dirham is fixed, and not subject to influences. I do not think that it is necessary to devalue it. There is no justification for this.

## Losses of the Banks

[Question] Some national and foreign banks are facing large losses at the current time. What are the causes and methods of treatment?

[Answer] Many banks are suffering from the problem of uncertain debts, as these banks benefited previously from economic activity and the upswing, distributing a profit which reached 30 percent to the shareholders. They had only to wait and conditions would improve. The commercial investments of the banks and current economic conditions are passing through a recession on the regional and even on the world level. We must put up with the recession of the economic cycle, and treat the problem calmly and thoughtfully, and hope that nothing unusual happens.

## The Problem of Missing Debts

[Question] There are those who say the Abu Dhabi government will participate in the solution of the problems of the national banks by paying some or all of the missing debts. How true is this? How will it be done?

[Answer] According to my knowledge, this is not true. It will not be proposed that the government share in paying the debts. I think that everyone who borrowed from a bank must undertake to pay, just as he undertook to borrow. The government did not force him to borrow. He borrowed for himself and invested it in his own way, wisely or unwisely. It is his and the bank's responsibility.

## The Situation of the National Bank of Abu Dhabi

[Question] For the second time, the Bank of Abu Dhabi did not distribute profits to shareholders. It is noticeable that the bank's shares are declining continually. What is your idea about the current situation of the bank?

[Answer] The situation of the bank is sound. True, it did not distribute a profit this year. But it did realize a profit of 25 percent as a return. However, the accumulation of some previous debts obliged the bank to designate this profit to counter what might happen as a result of the non-payment of these debts. If this happens, and there is a loss, the bank will not be affected, because the assets have been set aside. And if these assets are reclaimed, there will be property for the shareholders in the near future.

As regards the fall in the price of the shares, the fact is that the nominal value of a share is 100 dirhams, and is a result of the circulation of shares in the market, conditions of supply and demand, and is susceptible to rise and fall. But if it happens, even if the picture is reversed, it is reflected in the value of the shares. The true value of a share of the Bank of Abu Dhabi in the market is a fair value, in spite of its being low. It is a natural situation, because today the banks are on an equal footing in the market. Some are excellent, some medium, and some weak. The banks are not comparable to establishments which have fixed incomes, that is, the "monopoly" establishments. If there were a monopoly establishment for a specific service, and if its shares were thrown onto the market, doubtless it would not fall. We hope that the shares of the National Bank of Abu Dhabi will improve in the coming years.

#### No Need for a New Merger

[Question] Does the local economic condition require a new merger among banks? What have the results of the last merger been on the banking situation in the local market?

[Answer] There are currently three national banks in the Emirate of Abu Dhabi. They are Abu Dhabi National, Abu Dhabi Commercial and Credit, and the Commercial Bank of the Emirates. I believe that this number is reasonable. The emirate will be satisfied with that. There is no need for another merger. The situations of these banks are sound, and there is no fear for the rights of the shareholders.

#### A Study of All Facilities

[Question] In light of the current conditions, do you feel that the operating and anticipated expenditures of the establishments and companies should be reviewed?

[Answer] It is necessary to review the operating and anticipated expenditures for the establishments and departments. We are now faced with undertaking a study of all facilities, whether owned entirely or in part by the government, particularly in regard to expenditures which are unnecessary or which may be delayed, because every goal requires that we judge it in light of the new data.

The study is being undertaken by the finance department in cooperation with other relevant agencies. This study will be concluded soon, and will be the equivalent of suggestions for solutions for existing problems. Perhaps these may be model solutions, perhaps not. But, without doubt, its solutions are for the better, and are an improvement over that which is currently present.

#### Foreign Aid

[Question] In light of the fall in revenues and the budget deficit, what is the position in regard to foreign aid?



[Answer] The topic of foreign aid is subject to the decision of the higher agencies. It is not within the domain of the department of finance. We are furnishing the data and revenues which we have available, and it is up to them to decide to their own satisfaction.

Priority must be given to the nation, and if we are able to cover our local needs and arrange our economic situation in a sound manner, there is room for aid. The opinion of one responsible for aid is to pay it, which is good. And if there is not room, then "God does not burden someone unless he is able." It is worth mentioning that foreign aid is much reduced from the past. I think that the agencies which receive this aid are evaluating the situation through which we are passing. All of the states which have participated in financing the economic development of the brother and sister states are facing this problem.

12780

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# IRRIGATION PROJECTS TO EXPAND IN NEXT FIVE YEARS

Kabul HAQIQAT-E ENQELAB-E SAWR in Dari 29 Jul 86 p 2

[Text] The fundamental socio-economic growth of the country which for the first time in the format of the first 5-year plan after the advent of the revolution for the years 1365-69 [21 March 1986 - 20 March 1987 to 21 March 1990 - 20 March 1991] with due consideration to the existing circumstances has been enacted in a comprehensive fashion in a precise and scientific manner in various areas and has duly been put into effect. In this regard we had an interview with Engineer Mir Abdul-ghafur Rahim, deputy director of construction of the Ministry of Irrigation and Water Resources of the DRA concerning irrigation projects which will appear below.

For the purpose of socio-economic growth of the DRA in the area of completion and development of irrigation projects and other water-related resources during the years 1365-69, the government has designated 5.2 billion afghanis from domestic sources and 36.5 million dollars from the foreign assistance funds. The total allocations are 2.5 times more than the last five years put together. During the next five years the Ministry of Irrigation and Water Resources, with proper regard to the interests of the relevant parties by attracting private capital investment is planning to develop irrigation-related affairs. To this end, according to the 10 theses as ratified by the revolutionary council and the resolutions of the 16th plenum of the PDPA Central Committee, the Ministry of Irrigation and Water Resources will consider collaboration with those firms which can through their investments in conjunction with the government provide capital for the reconstruction and installation of irrigation projects and create mechanized farms on the virgin and infertile lands together with the private sector.

Here it should be noted that in order to implement the irrefutable land and water policies of the DRA and perform its assigned fundamental duties, the Ministry of Irrigation and Water Resources will focus the thrust of its capital investments and provision of technical materials and equipment during 1365-69 toward construction of water distribution and other pertinent irrigation engineering projects. Similarly, it will pay particular attention to the revitalization and expansion of land and water situation and an effective method for the enhancement and use of such relevant projects.

In the 5-year plan, the basic growth and construction of irrigation projects have been duly predicted and the Ministry of Irrigation and Water Resources of

the DRA will give priority to the construction of those projects which have remained incomplete for several years now.

During the first quarter of the current year 153 hectares of land were put into use which were about 35 hectares more than the projected plan. Likewise, the irrigation situation of 1,500 hectares of land was improved which was 100 percent more than the projected figure. Similarly, for 372,000 hectares of agricultural land, on a continuous basis, water was provided which was 72,000 hectares more than the projected plan.

During the first quarter of the current year, the formation of new farmers' committees in various provinces continued and with regard to the implementation of Water Law in the provinces, 37 farmers' committees were created. In a like fashion, during the same period 69 water distribution supervisors and their assistants were selected and 3,466 water distribution deeds were distributed among the eligible individuals.

During 1365 an area of 96,000 hectares of new land have been considered for cultivation. Out of this total 85,000 hectares belong to the Sardah and 11,000 hectares belong to the Kokchah projects. Until now 861 hectares have been put under cultivation of which 676 hectares belong to the Sardah Ghazni project: 323 hectares under wheat cultivation, 290 hectares under barley cultivation and the remaining 63 hectares were assigned to the cultivation of other agricultural products. Likewise, in the Kokchah project 185 hectares of land have been assigned for cultivation: 145 hectares for sesame and another 40 hectares for cotton cultivation.

12719

CSO: 4665/55

HOUSING COUNCILS ORGANIZING VARIOUS VOLUNTEER SERVICES

Kabul ANIS in Dari 30 Jul 86 p 4

[Text] The Housing Council of Martyr Hodayun on the hills of As'mai across the Ardel Bridge was created in October 1984 with 29 members and as of that date 41 new members have been attracted to the council which now enjoys more than 70 members.

In a conversation with the correspondent of ANIS, the deputy director of the Housing Council of Martyr Hodayun community which is affiliated with the National Fatherland Front Council of the 3rd district of Kabul also said: A stationary group of propagators belonging to this council has been formed and until now they have comprehensively talked to the hard-working and patriotic residents about the resolutions of the 16th, 17th and 18th plenums and the 10 theses which were ratified by the revolutionary council of the DRA and the humanitarian objectives of the party and the government and that of the NFF which were all supported by the people. Similarly, two volunteer clean-up work-teams have been formed on the occasion of the fifth anniversary of the NFF establishment and the blessed Fetr festival marking the end of the fasting month, during the current year in which 196 individuals took part. Furthermore, during the current year, from the relief stock of the Kabul City Council of the NFF quantities of cooking oil, bread and soaps were distributed among 12 families of the martyrs or other indigent individuals. Likewise, as a result of the efforts of this council and those of the people the power transmission line of the said region was restored and 10 houses which had no access to electric power were provided with electricity accordingly.

He went on to add: Through collection of 90,000 afghanis from our religious community residents and 40,000 afghanis of assistance from the Ministry of Islamic Affairs and Endowment the altar of Friday mosque of Balcharch was repaired at the initiative of the Housing Council. Similarly, necessary repairs on four public potable watering facilities were carried out by the people and four orphans were introduced to the state orphanage through the said council. In a like fashion, all the demands and wishes of the inhabitants of the said community were relayed to the proper authorities accordingly. To this end, an arbitration commission was formed which so far has resolved five disputes in a peaceful manner. Also a 15-member volunteer group has been formed to help the locals in case of need.

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DEPUTY OIL MINISTER DISCUSSES JOINT PROJECT WITH JAPAN

PM291531 Tehran KEYHAN in Persian 13 Aug 86 p 18

[Economic correspondent report on 12 August press conference given by Deputy Petroleum Minister Taheri]

[Text] Yesterday morning engineer Taheri, deputy minister of petroleum in charge of petrochemicals, took part in a press, radio, and television interview. He talked about the short-term and long-term plans and projects of the petrochemical industry and the results of negotiations with the Japanese delegation representing Iran's partners in the petrochemical project in Bandar Khomeyni.

According to KEYHAN's economic correspondent, Mr Taheri at first commented on oil and the importance of the petrochemical industry in the world, and said: So far about 7 million petrochemical products have been registered in the world. On average some 400,000 products are discovered and registered every year.

He added: One of the disasters that oil has created in Iran in its 70 years of history is the fact that its currency and petrodollars are very easy to spend and we have spent this oil money importing petrochemical products from abroad for our own use. Since the revolution, with regard to our hard currency problems, we have spent more than 1 billion dollars a year on petrochemical products. If we had spent half this amount on the expansion of the petrochemical industry, and if we had undertaken expansion programs for this industry, perhaps we would not find ourselves in this oil crisis that has come about because we would have had factories by now which would have turned the various grades of oil into petrochemical products.

The head of the petrochemical company then talked about the countries who do not benefit from the existence of oil and its revenue but have been able to take major steps in this area. He said: Pakistan and Turkey buy different grades of oil such as gas and crude from the oil producers and, with the technology created in their country, they turn these into petrochemical products. While being self-sufficient in the petrochemical industries, they export many types of products to other countries. One of the reasons for the delay in launching this industry in this country was

that it was one of the high-flying projects of the previous heretic regime which tried to start up the Iran-Japan project. Unfortunately, in the political and economic storm after the revolution this project did not bear fruit, while everyone was hoping that finally after a delay on 15 years it would produce some petrochemicals.

At present there are two problems in the Iran-Japan project. There is one question of partnership and that of the war. The irresponsible manner of the Japanese partner has caused more damage to the project than the war.

In another part of the interview engineer Taheri talked about the programs for the petrochemical industry after the Islamic revolution, and said: with regard to the types of oil that were available, there was a need for an extensive program to produce petrochemical products. Therefore the products and imports and the amounts paid were classified into 50 groups, following the necessary research into the relevant industries, and later these were listed by priority rating for the petrochemical industries. Then the work was divided into short-term, middle-term, and long-term projects. The Iran-Japan project was among the short-term projects and was therefore edged out of the main project itself. With the creation of the Arak project, which was considered to be a major project of the revolution and for which a good deal of currency had been put aside, and also with the (Almatic) project in Esfahan, we can say that, in the heart of the country, two major projects have been created. There will also be three plants in Shiraz. In reality we can claim that there are at present seven projects in various engineering stages.

According to engineer Taheri, one of the important aspects of the petrochemical industry is its job-creating nature. For example, about 3,000 people will be employed at the Arak petrochemical plant, which compared to other industries means 20 to 50 times more jobs. He said that another aspect of investments in this industry is that its products can be exported. He said: with enough investment and the creation of more plants, in addition to preventing currency leaving the country, the fact that it creates jobs means that in the long run, and in the event of a future oil crisis, it will create a good basis for exports.

Engineer Taheri concluded by speaking about the results of the negotiations with the Japanese delegation on the Bandar Khomeyni project and said: The Japanese partner has used the war as an excuse and has brought up the subject of Iran's failure to pay its loan, whereas the reason for the prolongation of this project is the lack of projected foreign markets and the fact that other petrochemical projects in neighboring countries have gone into production and have taken the market. All this while Iran, during the war and without the help of the Japanese partner, has completed some petrochemical plants and is now using them. He added: The Japanese partner wanted to make a huge profit out of this project but because of competition from foreign markets, it is refusing to cooperate--using various excuses--and is acting in a very irresponsible manner.



With regard to the loans that have not been repaid, it must be said that there are three kinds of loans in this project: One is the loan directly arranged between Iran and Japan, another is a joint loan taken by Iran and Japan from a European partner, and the third is the loan that the Japanese partner had to pay back to the Japanese banks. He said: The Japanese partner did not pay the joint loan taken from European banks, and here Iran, while paying its own share, has paid an installment on the Japanese loan as well. Since the Japanese partner is speaking uncooperative attitudes and since it is not paying the loans already paid by Iran, the Islamic Republic of Iran sees it as its right not to repay the Japanese partner's loan. In any case we do not see the main issue as being the war. It is the hostage-taking by the Japanese partner, which wants to take from us the entire sum it invested and then hand over the project. We claim that this project had more to do with exports, and now that the incentive of the world market has mostly disappeared, it has pulled out and wants to involve Iran in a heavy investment. We will complete this project when the Japanese partner becomes our full partner by sharing 50 percent and when it meets in full its prior commitments. Or else it should sit sensibly down at the negotiating table to limit the project to the level of self-sufficiency for the country and to finish the project for Iran at a reasonable price.

/9738

CSO: 4640/472

'PLOTS' OF MEDICAL BOARD, 'ZIONIST NETWORK' UNCOVERED

Tehran ABRAR in Persian 16 Jul 86 p 3

[Text] News Service: Whereas the Muslim nation of Iran has en mass accepted the Majlis as the only legislative body, a group of physicians affiliated with Freemasonry and the sinister Pahlavi regime has begun instigating and threatening the honor and integrity of the country's Medical Association at this time when the Medical Association's bill will be going to Majlis for consultation and review. Even more shameless is that they have most brazenly begun to strike when war situation exists.

'Ali-Akbar Mohtashemi, the Interior Minister, held a press and radio-television interview yesterday morning and making the above remarks, he addressed the current national issues--including the midterm elections, the decisions reached by governor generals in the national seminar and joint congress with the Cabinet, the strike by a number of instigating physicians and the introduction of the Military Service conscripts.

The Interior Minister referred to the mid-term elections as being crucial and announced that the number of candidates who have been confirmed by the Council of Guardians in eleven of the country's cities is as follows: 8 candidates for Bojnurd, 7 candidates for Torbat-e Heydari-ye, 5 candidates for Damghan, 3 candidates for Tankabon, 13 candidates for Tehran, 8 candidates for Karaj, 6 candidates for Malavi, 6 candidates for Ramhormoz, 5 candidates for Mahshahr, 8 candidates for Khorramshahr and Shadgan.

He also added, "In accordance with Note 1 of article 53 of the election laws of the Majlis, those whose competence has been rejected by the Council of Guardians can protest after the announcement. The period of time within which the protest can be submitted is 4 days--which began as of Monday (the day before yesterday) and will continue through Wednesday (today). These individuals can submit their protests via the boards which have been selected by the Council of Guardians in provinces, and by law, the Council of Guardians shall give its final decision after 5 days.

The the Interior Minister referred to a series of legal guidelines and pointed out:

-The candidates, the public, all government bureaus, government entities, and in short no one has the right to tear or destroy posters and circulars belonging to the candidates confirmed by the venerable Council of Guardians.

-Campaign activities shall be conducted from the time when candidates competency is confirmed and announced until 24 hours prior to the elections. Consequently, radio-television, country's official mass media, governmental forums, Friday Prayers cannot conduct election campaign 'for or against' any candidates at all in any location connected with the election; neither are they allowed to utilize any government facility 'for or against' the candidates. Additionally, putting up posters or campaign circulars within city halls, schools and hospitals is forbidden.

In connection with those officials who have responsibilities vis-a-vis the elections, Mohatashemi set forth certain guidelines as follows:

-Election and voting ballots and election materials for all the wards have been sent to the offices of governors general, and governors general must expeditiously distribute these to the offices of governors.

-For the Shadgan and Khorramshahr wards--because of their scattered war refugee population--many election wards have been selected in various cities. In case officials in charge confront shortages in the number of wards, they must expeditiously contact the Interior Ministry so that necessary steps are taken.

-In order that no delays occur in the elections, governors general must make available to the election supervision board all the existing facilities. In short, these elections must be held in the best possible manner because of their crucial nature.

Continuing this interview, the Interior Minister referred to the national seminar of governors general and the joint session of Governors General and the Cabinet and added, "The agenda for this session which is divided into 3 sub-committees is: Economizing in the current budget, economizing in the developmental budget and people's involvement in various affairs of the country. These issues were evaluated in the tri-committee, and on Sunday of this current week it was reported in detail to the Cabinet. The Government decided to review all the recommendations over a two-week period in different committees in order to approve them in the cabinet meeting.

Mohtashemi then referred to the issues which have come up on connection with the Medical Board in the past two or three days and announced, "The Medical Board and all other organizations in the Islamic Republic must go forward in concert with people and the combatants of Islam otherwise the martyr-nurturing nation cannot tolerate at all the existence of any organization which follows the objectives of the vile Pahlavi regime. The Medical organization is an institution which was under SAVAK and the Royal Court's direct supervision before the revolution, and they planted certain elements within it which worked against the nation. Unfortunately, however, this organization did not undergo transformation in step with governmental organizations." The Interior Minister added, "We have witnessed some changes in the Medical Board after the revolution. Unfortunately, however, the cancerous roots of the vile former regime had

penetrated this organization and caused the revolutionary and Muslim physicians who stand by the nation and who comprise a near unanimous majority of our country's physicians to be generally displeased with this organization. Sometimes these responsible and committed physicians reported their criticisms and protests against this organization to the appropriate officials.

Naturally, the Islamic revolution with its kind and merciful attitude toward all classes did not react harshly to these elements in the past, and these individuals engaged in a series of base activities not worthy of human dignity."

Then making a statement to the effect that never before has it been known in the world that a medical organization knife its own nation in the back, Mohtashemi remarked, "The people, in the past few days, witnessed the malicious slow-down of a number of physicians, and in this context the lives of some beloved citizens of the Muslim nation of Iran were lost. These people must be held accountable for the lost lives of the dearly beloved."

Continuing, the Interior Minister added, "At any event, the roots of Satan existed in this institution, and with the Prime Minister Engineer Musavi's revolutionary move and the government's surgery, these roots were severed. We hope that the judicial branch and the venerable attorney general of the country will investigate the situation of this meager number who cause trouble and create disturbance."

Continuing his remarks and referring to the conscription law which was passed in Majlis and the grace period which the Conscription Office has announced as being until 18 July 1986 for the absentee and absent without leave conscripts, Mohtashemi announced, "In case conscripts do not turn themselves in by the aforementioned date, the military and security forces in the entire nation are duty bound to arrest them."

Announcing that in the past three months 300,000 conscripts have reported to Conscription Wards throughout the country, the Interior Minister at the end of his remarks stated, "Recently, a network of Israelis (Jewish) comprised of 17 individuals who by taking large sums of money from absentee conscripts led them out of the country, were arrested and soon they shall receive due punishment for their deeds."

12811/9835  
CSO: 4640/418

## IRAN

### WAYS OF LOCATING, ARRESTING DRAFT DODGERS DEFINED

Tehran KEYHAN in Persian 17 Jul 86 p 2

[Text] KEYHAN political service. Ways to identify and arrest draft dodgers were determined yesterday by the Cabinet with the ratification of some amendments and additions to the implemental bylaws of the military service law.

In the third part of this ratification, which includes Articles 199-227 and the attached notes to these articles, such items as the means to identify and arrest the draft dodgers and deal with fugitive military personnel have been clarified.

In Part Three of yesterday's ratification of the Cabinet, we read:

Article 199. The Guards Corps, the Islamic Revolution Committee, the gendarmerie and the Police Department of the Islamic Republic of Iran are responsible for identifying and arresting absent draftees and delivering them to the local military service office.

Note 1. If the draftees subject to this article are accused of crimes, first they are sent to the proper judicial authority for prosecution. After the judicial authority no longer needs them, they will be sent to the military service offices to complete their service.

Note 2. Documents concerning the situation of the draftees stated in this law consist of:

- A. A card concerning the completion the required course.
- B. Permanent exemption computer card.
- C. Temporary exemption (guardianship or medical exemptions or exemptions for the brother or son of a captive) during the period of validity.
- D. Valid student card.



E. Military or law enforcement identity card.

F. Documents verifying engagement in service for the duty personnel during emergencies.

G. Verification of study or service in the Ministry of Health and Medical Education, the Ministry of Education, the shipping agency of the Islamic Republic of Iran, aeronautical techniques school, and subjects of Articles 6, 7, 8 and 9 of the general military service law.

H. Service readiness booklets for the time it is valid.

Note 3. If the above-mentioned organizations require the help of other organizations cited in Article 199 of these bylaws for the purpose of identifying and sending draft dodgers to the general military service areas, those organizations must provide the necessary cooperation upon request.

Article 201. All persons who are eligible for the draft must carry their draft documents on their person.

Article 202. In order to receive public information and to facilitate their duties, all of the forces stated in Article 199 of these bylaws must provide resources such as telephones for the people and inform the public through the mass media, so that through public information, draft dodgers and violating employers of the area are identified and arrested.

Article 204. Law enforcement officials everywhere are responsible for surveillance over public places, such as hotels, motels, garages, cinemas, bus terminals, parks and sports stadiums in order to identify and arrest draft dodgers who are in those places.

Article 205. Each organization stated in Article 199 is responsible for arresting draftees who are summoned in writing and for determining their addresses and sending them to the related offices.

Article 206. Highway police, gendarmerie and traffic police officials carrying out their duties are responsible for arresting and sending draft dodgers to the nearest law enforcement authority, should they see them.

Article 207. Organizations subject to Article 199 of these bylaws must go to governmental establishments, such as factories, workshops, agencies, shops and other places within their jurisdiction, to arrest draft dodgers who are employed and must also take the necessary steps to prosecute the employer, establish a file and send them to the local Office of the Public Prosecutor.

Article 208. If while carrying out their duties the officials of the Ministry of Labor and Social Affairs, social security organizations and committees on guild-related affairs realize that an employer has employed a draft dodger, they must inform the closest local law enforcement authority to arrest the draft dodger and prosecute the employer who has committed the offense.

Article 209. Law enforcement officials of every area are responsible for arresting individuals who are within the eligible age and who lack the documents stated in Article 200 and who are engaged in certain occupations in public places and for sending them to the local general military service office.

Article 210. The military service offices of every area are responsible for the service readiness of the draftees or draft dodgers who are sent to them when their turn comes up, provided there are no legal obstacles and they are able to serve, and for dispatching them to the training center of the forces or organizations that have been coordinated and determined to admit such draftees.

Article 211. If draft dodgers who are arrested by the forces subject to Article 199 of the bylaws refuse to present birth certificates with photographs and are sent to the local military service office where they are arrested, the general military service offices must issue service readiness papers without a picture, noting their individual descriptions, and the training centers are responsible for admitting such draftees.

Note. Training centers are responsible for sending the descriptions and pictures of such draftees to the local Revolution Prosecutor's Offices and information offices.

Article 212. If the draft dodgers are sent to the general military service offices at times other than those when recruits are usually sent to training centers and it is not possible to do so, the military service offices will be allowed to obtain a written warranty or commitment, as the case may be, and issue service readiness booklets upon the first opportunity to be sent to the training centers.

Note 1. If draftees are unable to pledge the necessary warranty or commitment, such draftees must be kept in the gendarmerie center until the time comes for them to be sent to the training centers.

Note 2. The gendarmerie of the Islamic Republic of Iran must make the necessary assessments in regards to the funds to cover such draftees.

Article 213. If draftees who are arrested and sent to the local general military service offices are sent to the training centers or kept in the gendarmerie regiments, their service will be calculated from the day of their arrest.

Article 214. If a draftee subject to Article 212 does not appear on time, as stated in the service readiness booklet, his name and address, along with the name of the person who has guaranteed his presence, must be given to the organizations mentioned in Article 199 of these bylaws, so that steps can be taken to rearrest the draftees and prosecute them through the local Public Prosecutor's Office.

Article 215. Draftees who do not appear on time to be sent to service and who appear in person after a period of time will be sent to service without being reported to the court, and their service period will be six months more than the legal period. Obviously, at the end of service they will be treated in accordance with general military service Article 190.

Article 216. After their cases are determined and the ruling issued, draftees who are arrested for the second time and sent to the judicial authorities must be sent by the authorities to the local general military service areas, and the concerned offices must determine a new date for them to be sent to service. If the draftees do not appear on the appointed date, the related office must inform the local Prosecutor's Office to implement the ruling.

Article 217. For draftees who have been sentenced to suspended imprisonment are also prosecuted for draft dodging, with consideration for Note 8 of Article 40 of the Islamic punishment law, in addition to the punishment for draft dodging, the suspended sentence will also be implemented.

Article 218. The general military service offices are responsible to state the additional period of service in the service readiness booklets of draft dodgers who appear in person or are arrested or those who have obtained service readiness booklets and have not gone into service on time from 27/4/65 [18 July 1986].

Article 219. The organizations stated in Article 199 of these bylaws must arrest fugitive service personnel and send them to the local military police. If there are no military police, they should be sent to the closest gendarmerie unit to be sent to the closest military police unit.

Article 220. The local military police or the gendarmerie shall take steps as follows in regards to fugitive service personnel.

A. If the service personnel have escaped from service in the training center, they will be sent to the related training center to be dealt with in accordance with Article 59 of the general military service law.

B. Service personnel who escape from service after the conclusion of the training course will be sent by the local military police or the gendarmerie to the unit in which they have previously served. If the period of their absence is under six months, they will complete the emergency service and if it is over six months, the previous period served will not be counted as a part of their military service, in accordance with Article 59 of the military service law, and they must once again undergo an emergency service period in the previous unit. In either case, steps must be taken for their prosecution.

Article 221. If duty personnel escape from the training centers or the military or law enforcement units, as the case may be, their commanders must, within a maximum of 10 days, inform the organizations subject to Article 199 of these bylaws and the local law enforcement authorities as well as the general military service office, accompanied by their descriptions and

addresses, so that the above-mentioned organizations can arrest them and send them to their place of service.

Article 222. If draftees who, until the ratification of this law, have been sent to the front by the mobilization during their absence, are identified or arrested, service readiness booklets will be issued for them as for other draftees. And if they present a certificate of service completion from the mobilization, the period served will be deducted from their additional service period and recorded in their service readiness booklet. If a draftee has been sent to service, the concerned unit will be informed to deduct the period of service from his additional service period.

Article 223. Employers and officials of nongovernmental establishments, such as workshops, agencies and shops, are not allowed to employ draft dodgers in those establishments during the war. During peace time, as well, they are not allowed to employ peace time draft dodgers before their draft situation has been investigated.

Note. Persons subject to this article who employ draft dodgers will be identified by the forces cited in Article 1 of the identifying bylaws and will be sent to the local Public Prosecutor's Office to be prosecuted for employing draft dodgers during war time.

Article 224. Law enforcement officials who come in contact with individuals who lack the documents cited in Note 2 of Article 200 will be treated as are other draft dodgers, until their draft situation has been determined.

Article 225. All service personnel during war time must spend at least one year of the emergency service period in the operational areas.

Note. Operational areas are areas that are determined or will be determined as operational areas by the Supreme Council for Defense.

Article 226. If any of the forces or military or law enforcement organizations are not capable of employing their service personnel for a period of one year in the operational areas, such personnel will be exchanged and transferred from one force to another, with consideration for their duties and kinds of responsibility to any force or service personnel organization. Coordination concerning the exchange and transfer of the service personnel from one force to another in regards to the three forces of the army, the joint command, and the Ministry of Defense and affiliated organizations is the duty of the joint forces; in regards to the Guards Corps, that of the Guards Corps; and in regards to the revolution committee, the gendarmerie and the Police Department of the Islamic Republic of Iran, that of the Ministry of the Interior, and this law will be implemented equally in regards to all service personnel.

Note. Draft dodgers whose presence in nonoperational areas is determined by the Supreme Council for Defense to be necessary are not obliged to serve in operational areas for one year and their service will be carried out in the same force or organization.

Article 227. In every province, in order to create coordination for proper execution of the missions and duties subject to the attached articles to the general military service law ratified in 1365 [21 March 1986-20 March 1987], a council comprised of the representatives of the organizations mentioned in Article 1 of the law will be formed under the supervision of the governor general.

Note. In areas in which, due to particular cultural or political problems, steps cannot be taken to identify and arrest fugitive soldiers and draft dodgers separately and independently by the organizations, upon the request of one of these organizations, the issue will be discussed in the council according to the above-mentioned article and steps will be taken jointly by the organizations to carry out the duties.

It should be mentioned that the legal deadline for the identification of draft dodgers (born during the years 1338-1345 [21 March 1959-20 March 1967]) will end at 2400 hours, Saturday, 28 Tir [19 July] and despite the Friday and Saturday holidays (tomorrow and the day after), all general military service offices throughout the country will be open at all hours, night and day, to issue service readiness booklets or set up appointments to receive service readiness booklets.

10,000

CSO: 4640/448



MAJLIS APPROVES REFORM BILL ON TAX COLLECTION

Tehran KEYHAN in Persian 20 Jul 86 p 2

[Excerpts] Agenda

Following the pre-agenda speeches and the reading of the reminders of the representatives to the executive officials of the country, the Majlis went into session.

First the proposal for the use of 20 percent of the allocated revenues of the Ministry of Health and Medical Education to provide drinking water and plumbing to oppressed villages, the double urgency of which was ratified by the Majlis last week, was discussed.

Then the secretary of the session read a letter from the Council of Guardians concerning this proposal's conflict with Article 53 of the Constitution.

Then this proposal's dismissal from the agenda was put to a vote and ratified.

Then the bill amending Note 4 of the law concerning tax collection procedures for businesses ratified in 1364 [21 March 1985-20 March 1986] and the attachment of Note 5 to that law, for which the double urgency was ratified in the session on 25/4/65 [16 July 1986] by the Majlis, was discussed in the presence of the members of the Council of Guardians.

Then the single article of this bill was put to a vote and ratified.

The bill amending Note 4 of the law concerning tax collection procedures for businesses ratified in 1364 [1085-86] was ratified as follows and one note, as Note 5, will be added to this law.

Note 4. Concerning those businesses which are not obliged to keep legal books, from the date of the ratification of this law, the Ministry of Economic Affairs and Finance may calculate the exemptions stated for the taxes in each year of operation from 1360 [21 March 1981-20 March 1982]. And if by 12/10/1364 [2 January 1986] a decisive stage has not been reached with the opinion of the trade union or the cooperative company or the organizations related to the trade as well as the Islamic societies of the guild verified by the Ministry of the Interior, [the Ministry of Economic Affairs] may determine

and collect the taxes. In cases when it is determined that the taxpayer has had no activities during a particular period of the year and this is verified by the three-member committee subject to Article 9 of the Revolution Council's legislative bill concerning the amendment of some of the articles of the direct tax law ratified on 3/3/1359 [24 May 1980], taxes for the period of activity will be collected.

Note 5. The deadline for submitting tax statements for the operations of 1364 [21 March 1985-20 March 1986] of businesses subject to Note 4 is extended to the end of Shahrivar 1365 [23 August-22 September 1986].

The details of the open session of the Majlis today will be published in tomorrow's issue.

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CSO: 4640/448

# FOREIGN INVESTMENT: EXTENT, 'HESITATION' EXAMINED

Lahore VIEWPOINT in English 14 Aug 86 pp 31-32

[Article by Shahid Kardar]

[Text]

WITH PRIVATE domestic investment rising only at a relatively slow pace, and not too significant a change in the climate for foreign aid, the importance of foreign private investment has grown and various incentives are being showered upon foreign investors.

Although in response to these incentives the inflow of private foreign investment has risen from Rs. 335 million in 1977 to approximately Rs. 1,280 million in 1981-82, at an average of Rs. 206 million a year, and has fluctuated ever since around the Rs. 360 million mark, it is noticeable that foreign investors have been hesitant to invest in Pakistan, as is evident from the fact that foreign private investment is under 5% of total private sector investment. The question is: why has foreign, and especially American (whose investment in 1983 of US\$ 109 million was the same as in 1979)-capital not been forthcoming?

However, before we attempt to analyse the reasons for the reservations of the foreign private investor, let us first see how the foreign private sector fares in Pakistan today, i.e., the industrial sectors in which it is located, the extent of involvement, the returns earned by it on its investment, and the nature of these returns.

During the fifties and upto the mid-sixties, foreign firms were active in tea blending; tobacco processing, paints and consumer products. They can now be found operating in the steel, fertilizer and private transport industries and those manufacturing agricultural implements.

## Nature of inflow

Of the total inflow of private foreign investment between 1977 and 1982, English and American firms have contributed about 34% and 16%, respectively, Swiss companies 3%, the Middle Eastern countries 24%, Italy 4%, etc., as against UK and USA 10% each, Middle Eastern countries 50% during the period 1973-77. The vast majority (over 60%) of this investment has been in the manufacturing sector, but only in a handful of sectors like oil and gas (mainly Burmah Shell and its associated companies, and Union Texas, Caltex and Occidental), accounting for over 20% of capital investment; fertilizer (Exxon, Hercules, Saudi Arabia, the UAE, etc.), the equivalent of 15% of investment; pharmaceuticals 12%; chemicals around 10%; textiles 4%; light and heavy engineering 10% (Ford Motor Co. — assembling tractors and agricultural implements, Suzuki Motor Co., Philips, KSB Pumps and Siemens); and food processing 10%.

In 1981 there were 25 companies on the stock exchange (out of a total of 294) which had more than 50% foreign ownership accounting for 17% of capital, 28% of payments made to shareholders in the shape of cash dividends and bonus shares.

By 1982, of the 270 companies listed on the stock exchange 90 had foreign shareholding accounting for about 60% of sales of listed companies. The figure of 90 does not include the pharmaceuticals Sandoz, Wyeth, and Ciba-Geigy, which got listed on the stock exchange after 1983, Pfizer, which has refused the Government notices to go public, Pakistan Petroleum Limited which has been granted a special, but dubious, exemption from being listed on the stock exchange, and Union Texas and Occidental. Companies with foreign shareholdings accounted for almost 90% of the sales of pharmaceuticals, fuel and power and tobacco industries and over 50% of the sales of the vegetable ghee industry. In 1985 the number of foreign companies quoted on the stock exchange had reached 34 with a capital of Rs. 1.61 billion, of which foreigners owned 61%.

### Profits sent abroad

Profits remitted abroad as dividends, royalties and technical fees was Rs. 201 million in 1973, Rs. 443 million in 1974, Rs. 562 million in 1975, Rs. 662 million in 1980, Rs. 698 million in 1981 and Rs. 899 million in 1982. For 18 companies this writer calculated that the amount remitted abroad in 1980 alone as dividend was Rs. 115 million as against the original investment of Rs. 353 million. If amounts remitted abroad annually as a result of overcharging by private companies for raw materials and services sold to the Pakistani subsidiary are taken into account the amounts transferred abroad would, in most cases (especially in respect of pharmaceuticals), exceed 100% of actual investment.

Again, although foreign banks control 9.5% of total scheduled bank deposits, they obtain loans from the State Bank to finance almost 20% of their lendings. They are under no restriction to finance priority industries.

### Exorbitant returns

In an exercise conducted in 1983 for a Group-83 Seminar, I estimated

an annual return of 300% for five pharmaceuticals. For three other companies it was discovered that their annual rates of return in Pakistan were more than twice their returns on a global basis.

Despite the impressive statistics given above in respect of returns earned by foreign companies in the industrial, commercial and financial sectors of the economy, an explanation is warranted on the relatively low profile maintained by foreigners in the domestic manufacturing and financial sectors.

The normally-stated reasons for their reluctance are;

- i. Severe and stringent Government regulations and restrictions;
- ii. Long-winded procedures for getting provincial and federal Government approvals (unlike investment made by domestic entrepreneurs, in which only manufacturing of a certain range of products or investment above a certain amount requires prior permission from the Government, all foreign investment needs State approval);
- iii. Bureaucratic red-tape surrounding the licensing and sanctioning mechanisms;
- iv. Fairly high income tax rates (e.g. technical fees are exempt from taxation whereas royalties are not) and restrictions concerning areas where the industry can be located;
- v. Infrastructural deficiencies of energy (power and fuel), water, communication networks, telecommunication facilities, skilled labour and social services;
- vi. Difficulties faced in getting permission to charge to profits a certain proportion of head office expenses incurred on behalf of the branch; and
- vii. Stiff requirements (despite lax implementation procedures) in respect of the period within which locally manufactured components will be used for producing the final product (despite an almost non-existent engineering goods sector). This requirement discourages foreign investment in certain

avenues where in the absence of such restrictions they may be willing to invest in Pakistan.

### Main factors

However, a more careful analysis of the reasons will almost certainly highlight the following as the main factors.

- i. Political uncertainty and the consequent risk to investment. These factors are compounding the problems of (iii) below and the difficulties raised by the severe shortage of foreign exchange and the poor credit worthiness of the country.
- ii. Restrictions on the employer's discretion to hire and fire labour. Foreign companies are not willing to invest in a country where trade unions can exist, employers are restricted from freely hiring and firing labour, there is a concept of collective bargaining procedures and agreements, there is permission to outsiders to hold office in the labour union of a particular enterprise, etc. Although under the present regime there is a considerable degree of control, no rules have been laid down for various actions. The instrument is changed depending upon the situation, the strength of the union, possible political fall-out, etc. There is, therefore, considerable uncertainty and confusion, an atmosphere hardly conducive to attracting large doses of

foreign investment and more so in view of the failure of the tripartite commission to reach an agreement on the very clauses which are critical to the inflow of foreign capital. Foreign investors want a freer hand in dealing with 'recalcitrant' workers. The Pakistani industrial sector with its strained employer-employee relationship is hardly a good advertisement for foreign capital which can find more 'docile' breeding grounds in South Korea, Taiwan and Singapore.

- iii. Finally, there are the problems posed by the small size of the market. The market size is an obstacle to the diversification of the manufacturing structure which, not surprisingly, is restricted to light industry.

The Government appears to be willing to make many a concession to lure foreign investors. The liberalisation of imports and relaxation of controls has had an impact but the Government will have to do much more. Foreign capital does not consider that these measures go far enough. It wants fewer reservations and qualifications. The overtures being made to foreign investors fall far short of what is on offer from other countries in the region.

They want substantial changes in the regulatory mechanisms and structures, reductions in import duties and taxes, further lowering of tax rates.

The crux of the matter is that the related policy decisions are political in nature and on the face of it beyond the political capacity of this regime to introduce.

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## TI DECISION TO QUIT MRD CRITICIZED

Lahore VIEWPOINT in English 21 Aug 86 p 6

[Text]

THE ULTIMATUM served by the Tehrik Chairman on the MRD leadership, as the Alliance enters the most crucial, if not the final, phase of its struggle, is most ill-advised and, perhaps fortuitously, ill-timed. It needs no special acumen to understand that opposition unity is more vital today than ever before. The Tehrik move will, therefore, please only the ruling party and those critics of Air Marshal (Retd.) Asghar Khan who had always said that he was a man of straw whose ambition outruns his political capacity and who acts with inexplicable clumsiness when the crunch comes. Anyhow, for the Tehrik Chief to allow his own petty grumbling to accumulate and take the form of an ultimatum that must lead to his Party's withdrawal from the struggle does not make much political sense. To declare that the Tehrik's remaining a part of the MRD has become conditional on two of its larger components giving up essential parts of their policies is simply the expression of a desire to quit the Alliance.

For many weeks the leader of the only registered party among the opposition group has been equivocating on this matter. He has now chosen a path which many of his supporters will consider safer and perhaps offering a shorter cut to office through alliances that were barred by their adherence to the MRD's principles.

Whatever one may think of Asghar Khan's objections to PPP and ANP policies or their leaders' style of functioning, as far as the MRD's four points are concerned they remain valid and binding for any political party interested in democratic political change. The Tehrik leader's differences on other issues have no great significance, and all parties in such a united front should learn to live with them, and not allow them to interfere with their common effort. The Tehrik's new demand for MRD agreement on a national government will generally be seen, despite the explanatory verbiage, as keenness on guarantees about power-sharing even before the

struggle has begun. The important part of the MRD compact is that the next election should be free and fair; and there are many formulae on the basis of which this can be achieved. A national government is certainly not the only one. Once clean elections can be made certain, all partners in the struggle should accept that whichever party wins the election it will enjoy the acknowledged right to form the government. It needs to be stressed that only the MRD's opponents will be pleased at Asghar Khan's decision to forsake the organization which offers the earliest possibility of facilitating Pakistan's oft-delayed march towards full democracy. Even if his move has been made with the best of his simple intentions, the Tehrik Chairman and his partymen must reconsider the decision in view of the Government's onslaught against the MRD; they must realize that it will weaken the cause to which they have made some contribution and which has not yet been won.

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## FOCUS ON CONSTITUTIONAL ISSUES

## Country's Struggle To Evolve a Constitution Examined

Lahore VIEWPOINT in English 14 Aug 86 pp 11-14

[Article by Dorab Patel, Retired Judge, Supreme Court]

[Text] THE PRESENT Constitution was promulgated by the President in the exercise of his powers under the Provisional Constitution Order. This was an unfortunate beginning for a Constitution, because the Provisional Constitution Order was an express repudiation of the Supreme Court's judgement in *Mrs. Nusrat Bhutto's* case. However, the restoration of fundamental rights in January 1986, after more than two decades, has roused high hopes of a new beginning, and if the 1985 Constitution can satisfy the aspirations of our peoples, it will survive, unlike the three Constitutions which preceded it.

Political leaders and thinkers in the subcontinent had laboured, for many decades, for two ideals. The first was a federal constitution – and in view of the facts of geography, no other constitutional arrangement can work. The other ideal of all our political leaders and thinkers was the Rule of Law, which is only another name for the recognition of human rights.

## Bad start

We had a very bad constitutional start, because our Constituent Assembly took nearly a decade to frame a Constitution which was largely based on the Government of India Act, 1935, together with an

imitation of the Amendments to the American Constitution, as in India.

A federal constitution was a necessity for us, because the country was divided into two parts, more than 1,000 miles apart. Now, a federal constitution implies a fair and equitable division of powers between the federal government and the federating units, and any division of powers is meaningless unless there is a fair division of the revenue-earning items between the federal government and the federating units. But the Government of India Act was meant to be a stage on the road to self-government for the sub-continent. And as our erstwhile rulers thought that we were unfit for self-government, the Government of India Act provided for self-government only at the provincial level. The federal government was to remain an autocratic government until the federal part of the Act was brought into force. As that part was never brought into force, the Government of India remained an autocratic and monolithic structure ruled by the Governor-General, as in the days of Curzon, and that was the constitution in which our higher bureaucracy had been trained.

Now, although the division of subjects between the federation and the provinces in the Government of India Act was weighted heavily in favour of the federal government,

in order to further ensure the Governor-General's control over the provinces, the Government of India Act contained a list of subjects, called the concurrent list, on which the federal government and the provinces could both legislate. Finally, as the Tory Government which passed the Government of India Act was hostile to the Indian National Congress, which was to take power and did take power in most of the provinces as soon as the Government of India Act came into force, in order further to clip the wings of the Congress and to cut the Congress leaders to size, Section 107 of the Government of India Act empowered the Governor-General to promulgate an emergency, and in the event of an emergency the Government of India could take over the government of a province and legislate for the province.

### Draconian

These Draconian provisions were so wide that a Federal Government could abuse them and destroy the limited federal structure envisaged in the Government of India Act. It is, therefore, to the credit of our British rulers that they exercised these vast powers with great restraint. That may also have been because the provincial Congress Governments, whom they detested, had strong popular backing and the tradition of the freedom of the Press was stronger under British rule than it is now. Unfortunately, our Federal Governments did not exercise these Draconian powers with a similar restraint, and provincial Governments were suspended on flimsy grounds. The Federal Government got away with it in West Pakistan, because the provincial leaders were either not popular or were the creatures of the Federal Government. The position was, however, different in East Pakistan, which had a strong tradition of provincial self-government and a strong public opinion. Unfortunately, as East Pakistan politicians were divided into many parties, the Governors-General, after Nazimuddin, were able to play off one political party against another, and the result was that for

nearly a decade the Federal Government exercised its powers under the Government of India Act in a manner which was detrimental to provincial autonomy. But a decade is a long time and political habits, once formed, die hard.

### Autonomy

The odds were, therefore, against provincial autonomy when our first Constitution was promulgated in 1976, and so strong was this tradition of centralisation that, despite discontent at the provincial level, the Constitution of 1956 re-enacted what I have described as the Draconian provisions of the Government of India Act. It is true that the Indian Constitution contains similar provisions, but it was a pity that the framers of our Constitution followed the Indian pattern blindly. The position in India was different, because, as in East Pakistan, there was a strong public opinion, and provincial leaders were generally men of stature in their own right. Political parties were also not divided into factions, as in East Pakistan. Above all, the wisdom and tolerance of Nehru ensured that the Central Government would not interfere arbitrarily in provincial affairs and undermine provincial autonomy.

The Indian experience suggests that provincial autonomy might have taken roots in our country also if the Constitution had been allowed to operate. But it was abrogated in two years, by Martial Law. By the nature of things, Martial Law means complete centralisation, and the concept of provincial autonomy was further eroded during Martial Law.

### Federal fig leaf

This Martial Law was revoked by the Constitution of 1962. This Constitution restored, if I may say so, the fig leaf of a federal structure, but as the assemblies had been elected on a non-party basis through the so-called Basic Democracy system, they offered no resistance to the pressure for centralisation by the Federal Government, the more so as the leaders in power equated criticism of their policies with treason,

and the public swallowed this propaganda. Secondly, an Emergency was proclaimed in 1965, and the vast powers of the Central Government under the Defence of Pakistan Rules carried a step further the process of undermining provincial autonomy and alienating further the people of West Pakistan. The inevitable outcome of this process, which had begun long before President Ayub's rule, was the debacle of 1971. However, the tragedy of 1971 had raised the hope that our politicians would learn the folly and see the danger of excessive centralisation in an age when people had become conscious of their rights and their local cultures.

Unfortunately, the 1973 Constitution also re-enacted the Draconian provisions of the Government of India Act and similarly the Emergency which had been declared in 1971 remained in force almost throughout the period during which the 1973 Constitution was in force. The result was that the hand of the Federal Government fell as heavily on the provincial Governments as in any previous period, and the high hopes roused by the fact that we had our first elected Government petered out in bitterness and frustration.

The Martial Law of 1977 led to the further erosion of provincial autonomy, and as in East Pakistan earlier, this pressure towards centralisation has led to a demand for a confederation. This demand has wide backing, because the old ploy that those who dissent from Government policies are traitors no longer works. We are, therefore, heading for disaster, unless the federal legislature takes steps to create conditions for genuine provincial autonomy. That is no longer possible without the deletion, or a drastic modification, of those provisions in the Constitution which our British rulers had inserted in the Government of India Act in order to protect their rule for a limited period of time.

The legislature may not have much time left to make the necessary amendments in the Constitution.

## Rule of Law

I now turn to the question of the Rule of Law and our constitutions. The Rule of Law is only another name for those basic human rights which are necessary for a civilised existence, and the most basic right is the right of freedom of speech and expression. Without this basic right, no other freedoms are secure. But what is freedom? As George Orwell said: "If liberty means anything, it means the right to tell people what they do not like to hear".

Now, whilst these are rights of a political nature, the Rule of Law also implies the existence of laws which ensure a fair trial. The provisions for fair trials are contained in the great codes especially the Criminal Procedure Code, which we have inherited from the British. Therefore, our constitutions have driven to ensure the Rule of Law in the political field, and the 1956 Constitution had guaranteed freedom of speech and expression, the right to form political associations and the right of all citizens to equal protection of law. These rights had been the aspiration of political leaders and thinkers of the subcontinent for more than half a century, yet the Constitution which conferred these rights for the first time was swept away two years later by a military coup.

While Iskander Mirza and Ayub were responsible for promulgating Martial Law, they had planned their coup only because they were sure of their success. Therefore, the far more important question is why did this coup succeed so easily? Why was there not a single demonstration, much less a riot, by the people of Pakistan for the restoration of the Constitution for which they had laboured and made sacrifices? Politicians have attempted to bypass this question by showering abuse on General Ayub and Iskander Mirza, but if we are to learn from past mistakes, it is much more important to try and understand why the coup of 1958 succeeded.



## Intolerance

There were many causes, such as, for example, the poverty of the people. But our people had a higher standard of living than Bolivia, a country with a world record for military coups. There have been more than 100 military coups in that unhappy country, but every time the army seizes power, the poverty-stricken Bolivians rise in revolt, even though the revolts have no chance of immediate success. Why was it that our first Constitution was abrogated without even a demonstration for it? In my opinion, the primary cause was the atmosphere of political intolerance created by the Establishment after independence. Thus, according to an article in the Dawn of July 6, 1985, the Prime Minister had stated in 1951 that "those who will not vote for the Muslim League (in the provincial election) will be voting against Pakistan".

The view that the party in power has the monopoly of patriotism was held widely in the country in the fifties and sixties. The inevitable consequence of this view was to stunt the growth of the democratic process, because if dissent is equated with treason, it is dangerous to express one's views. But freedom of speech and expression are the prerequisite of the Rule of Law, and if despite a constitution, freedom of speech is a hazard because of public opinion, then such a constitution cannot rouse loyalty. That is what happened to the 1956 Constitution and that was one reason why it was so easy to abrogate it.

## Not even on paper

As Martial Law abrogated the Constitution, the Rule of Law in the political field ceased to exist even on paper. Martial Law was lifted in June 1962, but the 1962 Constitution did not even make a pretence of restoring the Rule of Law, because it did not contain any guarantee of fundamental rights. However, fundamental rights were restored in 1964. But the war with India in 1965 led to the promulgation of the Emergency and the sus-

pension of fundamental rights. The Emergency was continued till long after the cessation of hostilities with India and this introduced a new and unfortunate trend in our constitutional history, which prevented the only part of the Constitution, which could have brought relief to the people, from being enforced. Therefore, there were no regrets when this Constitution was abrogated by the Martial Law of 1969.

This Martial Law, however, carried out its promise to hold free and fair elections, and what happened in 1971 was not due solely to the military rulers. Be that as it may, the promulgation of the 1973 Constitution could have been a fresh start, but almost throughout the period between the promulgation of this Constitution and the third Martial Law, most of the fundamental rights remained suspended because the legislature extended the proclamation of Emergency year after year without any justification. The result was that although we had a Constitution, the Rule of Law remained in a sort of twilight stage, until it was formally abrogated by the Provisional Constitutional Order in 1981.

## Welcome surprise

The restoration of fundamental rights in January this year was, therefore, a very welcome surprise, because it holds out the hope of a return to the Rule of Law. The Constitution, however, has been criticised as a fraud which has made Martial Law permanent. This criticism had reference to the fact that unlike the revocation of previous Martial Laws, the 8th Amendment had expressly validated all legislation, good or bad, that had been passed during the Martial Law period. I am unable to comprehend why such a blanket immunity was given to the legislation of the Martial Law period, because by a Martial Law Regulation of 30th December 1985 many Martial Law regulations were repealed. However, as a result of the 8th Amendment, there are in force laws of the Martial Law period which are completely inconsistent with the

Rule of Law, and I would explain why I said that the restoration of fundamental rights has only held out the hope of a return to the Rule of Law.

An essential principle of the Rule of Law is that there shall be no discrimination between the citizens of a country on the ground of religion, colour or sex and Article 25 of the Constitution states: "All citizens are equal before law and are entitled to equal protection of law." The Article also prohibits "discrimination" on the basis of sex alone.

Now, according to Article 8 of the Constitution, a law inconsistent with fundamental rights is void to the extent of that inconsistency. But according to the Hudood Ordinances, conviction under these Ordinances can be made only on the evidence of Muslim male eye-witnesses. So if a husband is robbed and attacked in his house, his wife will be a natural eye-witness, and if she is the only eye-witness, the criminal escapes punishment, because the eye-witness is a woman. This is a plain violation of Article 25.

#### Non-Muslim household

Similarly in a non-Muslim household, the only likely witness of a crime committed inside the house will be the non-Muslim members of the family, but under Hudood Ordinance VI of 1979, a thief escapes punishment under this Ordinance if the eye-witnesses are non-Muslims. This statutory discrimination against women and against non-Muslims is void in view of Article 8. But the word void is an over-used word, which has led to confusion. The statement that a law is void does not alter the fact that the void law will have legal consequences until it is set aside by the courts.

I will illustrate the point by another example. The amendments made in 1979 in the definition of criminal libel have placed a ban on the publication of truth by newspapers, if the truth is damaging to a person's reputation. The amend-

ments are void, because they are inconsistent with the right guaranteed in Article 19 of the Constitution for the freedom of the Press. But until these amendments are repealed or declared illegal by the superior courts in their constitutional jurisdiction, the editor of a newspaper could be given five year's rigorous imprisonment for publishing the truth.

It is both expensive and difficult to litigate in the Courts and politicians have suddenly stopped challenging the vires of laws in the Courts. If this state of affairs continues, illegal laws will continue to be enforced, unless the legislatures repeal the laws inconsistent with fundamental rights. Is this likely? Clause 10 of the Shariah Bill (which has been discussed by the Senate) states in clear terms that Ulema should be appointed as Judges. Apart from the apprehension that this would set up a theocratic State, this clause discriminates against advocates, against all women and all non-Muslims. But it does not appear from the newspaper reports that the attention of the Senators was drawn to the possibility of an inconsistency between this clause and Article 25. The prospects of a repeal of Martial Law legislation inconsistent with fundamental rights are not bright.

#### Not secure

There is also an apprehension that the Rule of Law is not secure, because the Government, with its majority, can, whenever it desires, proclaim an Emergency and suspend fundamental rights. This is what had happened in the past, but it may be difficult now to repeat what happened in the past. First of all, there is far more political awakening than there was 10 or 15 years ago. The political agitation by the opposition parties has started the process of creating public opinion in favour of human rights, and I hope it is too late to stop this process. There are also two other forces working in the same direction. The first is the revolution in the communication media. Although our rate

of literacy has fallen, the transistor radio has enabled the most illiterate person to know what is happening in the world and what the BBC is saying. The aid-giving countries have also become more conscious of their obligations to implement the Declaration of Human Rights which they have signed, and these circumstances played a role in the restoration of fundamental rights last January.

I am aware that there are patriotic persons who resent criticism by foreigners of the violation of the Rule of Law as interference in our affairs. But as we have signed the Universal Declaration of Human Rights, can we object to a scrutiny of the human rights situation in the country? Secondly, even though such criticism of the violation of the Rule of Law

in a country is interference in the affairs of that country, the grant of aid to a country is a far more drastic form of interference in the affairs of a country, because the grant of foreign aid necessarily helps the government of the aid-receiving country. And because people everywhere have now appreciated the dilemma of aid-giving countries, there has been no criticism whatever of the role played by the American Congress in the recent elections in the Philippines. On the contrary the American role in overthrowing ex-President Marcos received world-wide approval.

The prospects of the Rule of Law are, therefore, somewhat better than in the past, because political conditions in the country and in the outside world are changing.

#### Regime's Policies, Actions Termed 'Unconstitutional'

Lahore VIEWPOINT in English 14 Aug 86 pp 15-17

[Article by Makhdoom Ali Khan]

[Text]

EVERY CONSTITUTION carries within itself the mechanism for its change. These amending procedures are a recognition of the fact that a perfectly conceived plan may prove unworkable in practice. Its errors may be revealed either in the every day business of shaping and of sharing power or may come to light during the adjudication of constitutional problems. With time the needs of the people are transformed. Priorities undergo a shift in emphasis. The old formula comes under stress. To save it from obsolescence it may become necessary to modify it and bring it in harmony with the new realities of political life.

But in constitutional processes continuity is as important as change. Amendments to a constitution must be aimed only at improving its workability and efficacy. These must also be limited in scope so that after the alteration has been made the document is not converted into something totally new or materially different. The basic structure, the

essential features and the main framework of the constitution cannot be altered at all.

#### No authority

Such a measure would change the character of the constitution. This is one thing which is outside the scope of powers of even a popularly elected sovereign legislature. The United States Congress cannot convert the federal scheme into a unitary system of government, the Indian Lok Sabha and Rajya Sabha cannot dispense with democracy and our National Assembly and Senate do not have the mandate to validate the acts of the military regime and make them immune from constitutional scrutiny.

Similarly, because certain things do not fit into the fundamental law of a country they should never be written into it. The name of a president, validation of the results of a particular

referendum or elections, the salary of judges and detailed lists of qualifications and disqualifications for the membership of a provincial or national legislature, are a few examples. Yet, precisely these very incongruities were jammed into our Constitution during the Martial Law years and now have been approved by Parliament.

A president, however important he may consider himself to be, remains in power for only a short period of time in the life of a nation. The list of qualifications and disqualifications of the legislators changes with the political perspective of the men in power. Inflation makes it necessary to review and revise the salaries of the judges after every few years. Between 1981 and 1985 three Constitution Amendment Orders had to be passed by the CMLA to keep the judicial salaries in line with the rising cost of living. The importance of the results of an election or a referendum fades with time. No useful purpose is, therefore, served by cluttering the constitution with such ephemeral details. It results in frequent amendments to the constitution at the expense of both continuity and consistency.

Certain political values like freedom of speech, freedom from discrimination, equality before the law, judicial independence, popular sovereignty and the supremacy of fundamental law, remain constant through time. A constitution symbolises the pledge made by a people to these values. This is primarily the reason why they obey the constitution. When these values are tampered with or the basic rules changed merely to suit the designs or convenience of the rulers, the commitment of a people to the basic norms of political conduct wavers. The constitution ceases to be an article of faith. It merely becomes a negotiating ploy, to be expediently used or dumped, in the game of power politics.

The once unanimously adopted 1973 Constitution appears to be approaching that end. Federalism, democracy and fundamental rights, the three main pillars of its basic

structure have been demolished by the large number of changes made in it in the relatively short span of thirteen years. Even before it was formally enacted, federalism received a jolt by the dismissal of the NAP Government in Baluchistan. This was all the more sad as the NAP members were a party to the constitutional accord and had made an important contribution towards securing an all-party consensus on the Constitution.

Within weeks of the enactment of the Constitution, on August 14, 1973, the right of the people to move the courts for the enforcement of their more important fundamental rights guaranteed under the Constitution was suspended by a Presidential edict. The Emergency proclaimed by General Yahya was granted constitutional protection under Article 280 and allowed to continue till the bitter end. Out of the seven constitutional amendments made by the Government of the day, four were directed towards curtailing the powers of the judiciary and one circumscribed the power of Parliament to impose time limits on the continuation of the state of emergency.

Equally significant is the fact that virtually all these amendments were challenged in the courts on the ground that they were contrary to the letter and spirit of the Basic Law. The judiciary, as usual, shirked its constitutional responsibility. The judges declined to examine the validity of such measures on the touchstone of the Constitution. Some of them even went out of their way to observe that in the realm of constitutional amendments there were no restrictions on the power of the parliament.

### Judges as allies

When General Zia pulled his coup, the judges proved to be valuable allies. With scant regard for constitutional principles they placed their forensic skills at the service of the man who now controlled the strings of power. A compliant Supreme Court equated the authority of the CMLA with that of a popularly elected legislature and conferred upon

him absolute powers to amend the Constitution. The ground was thus prepared for the havoc which General Zia later played with the Constitution. In eight years he promulgated twentyfive Constitution Amendment Orders, making hundreds of changes in the form, substance and essential features of the Constitution.

The form of government was changed from parliamentary to presidential, Shariat Courts were set up, a novel way of installing a president in office was crafted, provincial autonomy was further curtailed and democratic processes were subverted. The name of a man who took over power by subverting the Constitution has been repeatedly written in the Fundamental Law.

It was hoped that the new Government would endeavour to make a new beginning. This, however, was not to be. One of its first acts after coming into power was to enact the Constitution (Eighth) Amendment Act, 1985. This amendment validates and incorporates into the Constitution all the changes made in its text by the CMLA. But it does not stop here. The entire corpus of the Martial Law legislation has been approved, adopted and validated. If any one or more of these orders issued by the military commanders conflicts with the Constitution, that will not make them void. On the contrary, in all such cases the Constitutional provision will give way and has to be ignored.

### Discriminatory

The obvious examples are the Hudood Ordinances and the Qanoon-i-Shahadat Order which clearly discriminate against women and are contrary to the fundamental rights guaranteed under the Constitution but continue to hold the field. Section 197 of the Companies Ordinance, 1984, makes the contribution of any amount to a political party an offence. The company can be made liable to pay a fine of ten thousand rupees and the directors may be punished with simple or rigorous imprisonment which may

extend to two years. This clearly abridges both the fundamental right to form and join political parties as well as the right to freedom of expression. But the Companies Ordinance was validated notwithstanding the Constitution. If challenged in a court of law its provisions shall either be declared as overriding the Constitution or by some feat of pedantry will be found to be in harmony with it.

The very idea of the constitution as a supreme law which should govern all the institutions of government and from which all other laws should derive their validity has been cast aside. If a law is to remain valid irrespective of the fact that it contravenes the Constitution then the very purpose for which constitutions are enacted is undermined. It is reduced to the status of an elaborate charade behind which lurks the stark reality that the Constitution is what the army chief wants it to be. The rest is all delusion.

And now the Constitution (Ninth Amendment) Bill is on the anvil. It has already been passed by the Senate and its passage through the National Assembly is a foregone conclusion. No doubt the members of the Independent Parliamentary Group will make the right kind of noises before it is enacted but nothing more can be expected of them. The powers of the High Courts and the Supreme Court will be further curtailed. The Federal Shariat Court will receive a carte blanche to strike down all those laws which provide some protection to the rights of women and consequently offend the sensibilities of the maulvi.

### Worse still

The Shariat Bill, which has been unconditionally endorsed by the President, if enacted will make matters worse. The sole criterion for the validity of all executive, legislative and judicial powers will be a vaguely worded definition of Shariat. The Bill provides that the "fundamental sources of Shariat" are the Quran and Sunnah. The ulama themselves have failed as yet to determine the boundaries of Sunnah, or to formulate a coherent defi-



dition of the concept or even to agree upon a corpus of the sayings attributed to the Holy Prophet (p.b.u.h.) as constituting Sunnah. This, however, has not deterred them from claiming for it a pivotal position in constitutional jurisprudence.

Under the pressure of all these changes the Constitution has almost collapsed. There is a growing feeling, particularly among the people of the smaller provinces, that their rights can no longer be adequately protected within the present legal framework. This has prompted some politicians, amongst whom Mr. Abdul Wali Khan is the most prominent, to pronounce the 1973 Constitution dead and to demand a new formula to resolve the problems which confront the nation. Framing a new constitution has not in the past and cannot now suggest a way out of a constitutional crisis. But the demand has its attractions and with the passage of time is likely to be voiced by more and more quarters.

#### Way to redemption

Though it appears unlikely, the Constitution can still be salvaged if the Government realises and responds to the changing political needs. A process can be initiated whereby within a given time frame,

if not immediately, all those amendments which curtail the independence of the judiciary, violate the principles of federalism and convert our parliamentary system of government into the presidential type are repealed. The demand for greater provincial autonomy can no longer be dismissed as secessionist. The rules of the game have to be changed, for the better, to accommodate it.

Institutions of government organised on democratic lines will involve the people of the depressed regions in their programmes. The judiciary may gain some confidence, once its independence is secured. Federalism will give more say to the provinces in shaping their destiny. Such changes will mark a return to constitutional processes and government in accordance with law rather than the whim or caprice of the man in power.

This may restore the confidence of the people in participatory democracy, particularly of those who have been excluded from the processes of government during the Martial Law years and whose level of frustration is very high. But if the ruling elite continues to persist in its unconstitutional policies under the guise of constitutional change, then we may as well say farewell to the 1973 Constitution and abandon all hope for constitutional government in this country.

#### Shariat: Possibilities of Sectarian Strife Discussed

Lahore VIEWPOINT in English 14 Aug 86 pp 17-20

[Article by Malik Mohammad Jafar]

[Text] **WHATEVER** the ultimate fate of the proposed Shariat Bill may turn out to be, the fate of some of the principal organs and institutions of the State of Pakistan and some basic foundations of its polity appears already to have been sealed through the various changes brought about in the Constitution by the CMLA-President during more than nine years of his rule, and which have all been accepted and approved by the present regime, which, as quite rightly pointed out by General Ziaul Haq, is but a continuation of

his Martial Law objectives and system of government.

Out of these changes we wish in this note to make mention particularly of those which deal with the process and procedure of the so-called Islamisation of the laws now in force in Pakistan as also of those to be made in future.

Let us see how these constitutional changes are calculated to affect and react on the powers of legislatures, the status and role of the judiciary, and the principle of federalism and democracy in general.

## Background

It is proposed in this discussion to make a brief comment on these points. But first a few words may be said on the historical background of these amendments effected by General Ziaul Haq, by which a major change has been made in the method provided by the 1973 Constitution for bringing laws in conformity with the teachings of Islam.

While, since the very beginning of his assumption by himself of all political power in the country, General Zia has been repeatedly accusing all previous regimes, of wilful failure to establish what he considers to be the Islamic order, he could not, at the same time, have failed to realise that an Islamic system of his concept could not be brought about through any democratic process, if there was any doubt in his mind on this point, quite soon it must have been removed when his own nominated Shooraa failed to oblige him. None of the legal measures that the CMLA - President wanted to bring on the Statute book, as the first step in his ambitious plan of rendering the whole of the legal system in Pakistan in accord with the rigid rules of the orthodox Fiqh, could successfully be enacted even through this hand-picked legislative body of the Martial Law ruler. The result was that the passage of all the new proposed laws in this field, like those dealing with Deyat and Qasac, Qazi Courts, Pre-emption, Evidence, etc., had to be sheved.

## Law of Evidence

The law on the last mentioned subject, as is known, was then enforced in the year 1984, under the name of Qanun-e-Shahadat, through a Presidential Order. That also saved this law from being discussed in any Assembly, no matter in howsoever undemocratic a way it may come into being. Because if a Bill proposing this enactment had been introduced even in the present Assembly of a dubious representative character, and the draft had been debated, the tall claim of the maker of this law,

that it was an achievement to be proud of, would have been easily exposed to every one. As a matter of fact, The Qanun-e-Shahadat, in most parts, is no more than a rehash of the old Evidence Act of 1872, and if any change has been made the object clearly is to make the law, particularly for criminal cases, unreasonably stringent, harsh and oppressive for the accused. But while this enactment and other similar laws enforced during the Martial Law regime of General Ziaul Haq may have been a necessity for keeping in power a totalitarian government like his, these laws cannot be justified by the well-known principles of law and justice as laid down by Islamic Fiqh.

As is known, the 1973 Constitution did provide for bringing the existing laws in conformity with the injunctions of Islam and also for securing the object that, in future, no law shall be made which is against these injunctions. Part IX of the Constitution specifically dealt with this objective. In clause (1) of Article 227 of this Part, it is laid down that "all existing laws shall be brought in conformity with the injunctions of Islam as laid down in the Holy Quran and Sunnah. . . . and no law shall be enacted which is repugnant to such Injunctions."

## Other articles

In the other Articles of this Part of the Constitution, detailed and exhaustive provisions are made laying down the method and the procedure for achieving this object. The principal institution to be in charge of the necessary research on this subject is the Islamic Council. For our purpose, the important point to notice is that, in this Part of the Constitution, while great care is taken that this body should consist of persons who are highly qualified in Islamic and other fields of knowledge and research and that, in the composition of the Islamic Council, representation is given to the various schools of religious thought in the country, so that it would not only command confidence of the people but also due respect is accorded to its opinion by the Central and provincial legislatures, but, at the same time, it

is placed beyond any manner of doubt that the function of the Council would be that of an advisory nature only and the jurisdiction to make laws, including the power to decide what is, and what is not, in accordance with injunctions of Islam, in an existing or a proposed new law, would absolutely and exclusively vest in the legislatures. Thus the object of Islamisation was to be achieved without, in any way, impairing the basic democratic principles of State policy. By way of what may be called abundant caution, it was specifically laid down in clause (2) of Article 227 that "effect shall be given to the provision of clause (1) only in the manner provided in this Part". The purpose before the authors of the 1973 Constitution was to make it clear that all other methods of Islamisation of laws, including the process of achieving it through courts, were being excluded. We may also mention here that this provision was adopted consciously and deliberately and not because the idea of investing the courts with a jurisdiction on this subject was unknown to the makers of the 1973 Constitution. We may also remind the principal religious-political parties, the JI, the JUI and the JUP, that they were all represented in the Assembly of 1973 and they were parties to the consensus by which these provisions, as indeed the others, were adopted to form part of the 1973 Constitution of the Islamic Republic of Pakistan.

Now, let us see what is the import of the change made in the Constitution by its amendment in this aspect. Affected by General Ziaul Haq in his capacity as CMLA-President. Needless to say that now it is in this amended form that the 1973 Constitution (if some people see some advantage in calling the document still by that name) is in force in Pakistan.

In Part VII of the Constitution, which deals with the institutions of Superior Courts, a new Chapter 3-A has been added. This Chapter deals with the establishment and powers of the Federal Shariat Court. For our present purpose the relevant

provision is that this court has been given jurisdiction to "examine and decide the question whether or not any law or provision of law is repugnant to the injunctions of Islam". It is further laid down that "if any law or provision of law is held by the court to be repugnant to the institutions of Islam", the appropriate legislature "shall take steps to amend the law so as bring such law or provision into conformity with the injunctions of Islam". Of course, for this purpose the legislature is to be given some time, but if by the expiry of that time, the legislature fails to make the reformed law incorporating the decision of the Shariat Court, then the previous law, or its impugned provision, as the case may be, shall cease to have effect.

#### Powers of Parliament

No great explanation of the import, effect and implication of this change in the Constitution is really necessary. It cuts at the very roots of the law-making powers of Parliament and the Provincial Assemblies in Pakistan, at least as far as the exercise involved in Islamisation of laws is concerned. But ultimately this limitation is also going to have no effect, because, according to the orthodox view, Islamic law is involved in all human activity, be it individual or collective. Therefore, it would be very difficult for anyone in the government to resist the demands that are being made for enlargement of the jurisdiction of the Shariat Court and for conferment of some similar process on other courts. These demands including the controversial Shariat Bill, are but the logical growths of what has already been made a part of the Constitution.

In Chapter 3-A, provision has been made for an appeal to the Supreme Court, against the decisions of the Federal Shariat Court. This appeal is to be heard by a special Bench of the Court. But, subject to this appeal, the Federal Shariat Court has more complete jurisdiction to decide the question of validity of a law with reference to the relevant injunctions of Islam. Of course, the National Assembly,

the Senate and the Provincial Assemblies also do have power to take a decision on such questions. But theirs is not the final word. The final word is that of the Federal Shariat Court or of the Appellate Bench of the Supreme Court.

Let us for a while leave the present Parliament out of consideration and suppose that there have come into being fully representative legislatures in the Centre and the Provinces. Let us further suppose that the members of these Assemblies have been elected on party-basis, the political parties had formulated clear socio-economic-political programmes, including their plans for effecting reforms in the legal code, these programmes are placed before the electorate and it is on that basis that the members get elected to the legislatures (No, it is not a Utopia that we are imagining. Such a situation is considered an ordinary normal thing in many societies on this earth even now.) Suppose such an elected legislative body adopts a law with a big majority, or even unanimously, even then that law could be made the subject of a challenge before the Shariat Court and that Court could strike it down, if it came to the view that the law in question was repugnant to some injunctions of Islam. In such a situation the only way in which the popular will, as reflected by the elected legislature, could be given effect to would be to do away with all that is contained in Chapter 3-A of the present Constitution. But that could be done only through an amendment of the Constitution which is a very difficult thing to do, the amending Bill requiring an exceptionally big majority in the Assembly and also an unqualified support by the Senate.

#### Islamic provisions

Here, mention may again be made of the provisions contained in Part IX of the Constitution, which deals with "Islamic provisions". As already pointed out, it is clearly laid down there that effect shall be

given to the object of rendering the existing laws into conformity with the injunctions of Islam only in the manner laid down in that Part. A question arises: now in the presence of what is contained in Part IX of the Constitution, could any other method including the vesting of a jurisdiction in courts to decide these issues be made a part of the Constitution? If the CMLA-President wanted to empower any courts to decide the validity of laws with reference to their conformity with the injunctions of Islam, as he has done, then one would have expected that he would also proceed to repeal the whole of Part IX of the Constitution, the provisions of which were now to be hardly of any use. But, curiously enough, that was not done. The object was achieved through an indirect and, if one may say so, a tortuous method. Part IX was left intact, as it was, but a small, and seemingly innocuous, phrase was appended to the Article with which Chapter 3-A starts and it is stated that the provisions of this Chapter "shall have effect notwithstanding anything contained in the Constitution". Thus, neither Part IX nor anything else contained in the Constitution has the effect of acting as a bar to the jurisdiction conferred on the Federal Shariat Court and the Shariat Appellate Bench of the Supreme Court.

But on a closer look into some other provisions of the Constitution it would appear that the provision in Chapter 3-A, that this Chapter is to be given effect to "notwithstanding anything contained in the Constitution", is going to have far-reaching and, from our point of view, disastrous consequences.

#### Fundamental rights

For instance, what about the position of fundamental rights given by the Constitution? What is to happen if in a case taken to the Shariat Court, in exercise of its jurisdiction under Chapter 3-A of Part VII of the Constitution, the court comes to the finding that



there is a conflict between what is provided by a particular fundamental right and a rule of Fiqh on that point? We are not happy to say so, but in our humble opinion, the rule of Fiqh would prevail. As an example of such a situation we may mention just two fundamental rights, namely, one, that which makes it unlawful to have any law which discriminates on the basis of sex, and, second, the right which guarantees to "every religious denomination to establish, maintain and manage its religious institutions" and to every citizen the "right to profess, practise and propagate his religion". It may be added that these rights are made enforceable in the light of the general fundamental right of equality before law.

Mr. Junejo and other spokesmen of the government may also please bear this constitutional position in mind when they are claiming such big credit for reviving the fundamental rights and making them available to the citizens. Is it not a case of taking away with one hand what is given by the other?

With all respect to them, it may be pointed out that both the Federal Shariat Court and the Appellate Bench are authorities of the Centre. Pakistan is a federation, with a Constitution which provides for a clear division of powers, including those of legislation, between the Centre and the provinces. But we also have a long and painful story of denial of provincial autonomy, on one ground or another. It is this policy that resulted in cutting asunder the two Wings of the country. That was some fifteen years ago. Have we learnt any lesson from that? And what is that lesson? Have we forgotten that we used religion to create unity between the two parts of the country? Did we succeed? How do we come to believe that now we could succeed in creating unity between the different regions and provinces of Pakistan by using the slogan of Islam? Even after the making of the 1973 Constitution, the smaller Provinces had always been complaining that the Constitution was not being worked

in the spirit in which it was made and, particularly, that they were not being allowed to exercise the executive and legislative powers given to them under the Constitution. As a matter of fact important political leaders of all the three smaller provinces accused the Punjab that, in collaboration with the civil and military bureaucracy and some politicians who did not happen to have enough roots in any region of the country, it was trying to bring in, through the back door, the infamous One Unit.

That was before July 1977. Under Martial Law, of course, there could be no question of any provincial autonomy. But by introducing in the Constitution amendments of the nature that we are now considering, political opinion in Baluchistan, Sind and the NWFP would be further alienated from that in the Punjab. The people of these smaller provinces may lose all hope that a fair deal would be done to them even after the next elections, if indeed they are held at all. The ideas of federalism and provincial autonomy become meaningless if a provincial legislature is not free to make, in the provincial field of law-making, any law which it wishes to make, under a mandate given to it by the people of that province.

Of course, the Punjab would be equally affected by this crippling of the powers of the elected legislatures. But a thinking has persisted in this province that, because of their numerical majority, a larger and controlling share in the armed forces, they do not stand to lose anything under Martial Law or a civilian regime which lacks the qualities of a genuine democracy and federalism. Some of our friends inform us that now there has come a change in the political thinking in the Punjab on these questions. We hope our friends are right on this, though we do not see any significant 'symptoms' of such a change. Perhaps, the belief of our friends reflects more of their wishes than facts.

#### Confederalism

In any case, how can we close



our eyes to the political thought that has emerged in the smaller provinces and which is continuing to gain strength. The demand for a confederation by some political leaders and a demand for a Constituent Assembly by others are a result of the frustration and growing loss of confidence in the viability of the 1973 Constitution even if somehow it were to be revived and enforced in its original form. In this situation, amendments in that Constitution which directly hit at the roots of the basic principles of democracy and federalism are hardly the measures which can restore the confidence that is lost.

The last question that we wish to raise is how the status, dignity and image of our Superior Courts and the confidence in, and respect for, them that all sections of our population should have, are likely to be affected by the conferment on them of this new jurisdiction, in exercise of which they would be called upon to determine issues which are more religious than legal in nature and on which different Muslim sects and schools of thought are sharply divided and are not

willing to change their conflicting beliefs that they hold on many questions of Islamic Fiqh touching their family and property rights.

While the people in Pakistan, generally, do not object to any law which has a secular basis, nor to interpretation of such a law by courts, they do not willingly accept the application, to their case, of a rule of Fiqh different from the one recognised by their sect. In this situation what we can conceive is that if in the decision of an issue the Shariat Court proceeds on the exercise by it of our independent right of Ijtihad, all the fundamentalists in the country will be annoyed and if, on the other hand, a rule of Fiqh of one sect is preferred, the other sects will not willingly accept it. There is a danger of this system adding to the sectarian strife, which is already quite alarming as it is. It is highly dangerous to introduce a system by which the judiciary, which happens to be the only institution left unimpaired, can easily get involved in this unhealthy controversy of a very sensitive nature.

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## MISUSE OF POWER BY RULING PARTY ALLEGED

Lahore VIEWPOINT in English 7 Aug 86 p 7

[Commentary by Linesman in "Between the Lines" column: "The Options"]

[Text]

THE RULING PARTY seems to have been working on two distinct options to remain in power until 1990 — the use of its easily-acquired authority to keep the sundry amenable legislators happy and the people quiescent, and the misuse of administrative power to harass and suppress the intractable opposition and scare the people into submission.

Since last year, carrots have been distributed by the cart-load among Government supporters. Pakistan today has more ministers, parliamentary secretaries and advisers than ever before, and they are paid far better than their predecessors (even after calculating the rate of inflation). They are also looked after better in other ways, and few among them are over-burdened with work of any sort. Apart from foreign travel, with medical treatment thrown in as required, all legislators get a number of rather unorthodox perks. For example, they are authorised to issue clits for gun licences; sifarish has been institutionalized; they are able to keep a finger in the Zakat pie and are given a hand in the distribution of 7-marla plots, as well as other plots in urban areas; and, finally, they control development funds so that their constituents can learn the advantages of the theory about the percolation of wealth. There are other unlisted advantages, not all of them mentionable, despite the projected amendment in the libel laws.

## Change of approach

On the other side, the sword has been unsheathed. The earlier promise of full, unrestricted democratic freedoms for all has begun to fade. Plans have been announced for creating a special police force to deal with political unrest. The Political Parties Act is reportedly being so moulded that unregistered parties can be barred not only from participating in elections but also from normal political activity. Threats of reviving the state of emergency and even reimposing Martial Law have also been heard. At the same time, the ban on student unions, affecting a large section of our literate population, remains; and, despite frequent talk of Press freedom by Government spokesmen, the hated Press Ordinance is still in force and the system of using advertisements to castrate or punish newspapers has not been given up.

The change of approach has apparently followed Benazir Bhutto's return to Pakistan and the extraordinary response that she received in all parts of the country. It is probably seen, and this perception requires no specially sharp vision, that if the MRD decides to open the floodgates of political agitation it will not be easy to resist for long the pressure thus created for their main demand — early elections on a party basis. Hence, apart from the hostile propaganda unleashed against the

main Opposition parties and covert attempts at disruption, the usual preparations are being made to maintain control of the situation through administrative — rather than political — means. In this regard, the worst and most dangerous tactic is that of sending infiltrators or agents provocateurs into meetings organized by opponents in order to create a disturbance. This is reported to have happened in Lahore last week when the reception arranged for PPP leader Sheikh Rashid was targeted upon and attempts were made to cause a stampede. One hopes that the episode will be subjected to a judicial inquiry so that the evil can be nipped in the bud by exposure to the full public view.

### Youth Force

Further, if it is correct that the trouble was started by boys from the Muslim League Youth Force, the happening points to a very ugly facet of the present situation. It is an unhappy fact that many political

parties, especially those that lack mass support, are setting up youth wings to exercise their muscle on the party's behalf at public meetings as well as otherwise. This was started by the Jamaat-i-Islami, and now a leaf has been taken out of its book by the Punjab Muslim League, which has set up a Youth Force with "green cards" that are said to carry many privileges (for the present only within the country). Other parties are beginning to follow suit. These youth groups are obviously potential gangs of hooligans. Many of them are said to be trained in karate and other manly arts, while their leaders carry and employ guns and revolvers.

The Government and its advisers must think carefully before they choose their options and decide which methods should be used to prolong their stay in office. They should know that strong-arm methods will not only prove the Opposition charge that the Junjo Government remains a unogate of the Martial Law regime, but also invite disorder and, thus, hasten its departure.

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## USE OF GOVERNMENT RESOURCES TO FURTHER PARTY ENDS DENOUNCED

Lahore VIEWPOINT in English 21 Aug 86 p 7

[Commentary by Linesman in "Between the Lines" column: "Hothouse Flowers"]

[Text]

**REARED** in Martial Law's protective care, with exposure to democracy's cold winds—allowed by the quasi-democratic dispensation forced on them by time and a combination of circumstances —, the Official Muslim League's hothouse flowers seem to wilt easily.

It should be admitted that the Junejo Government and its provincial branches do face a great deal of unexpected adversity and many new problems. First, there is the chronic question of keeping the regime's legislative supporters in line, especially those who cannot be appointed ministers, parliamentary secretaries or advisers. The rest have to be satisfied with such compensations as foreign trips and medical treatment for exotic maladies, authority to issue arms licences, a hand in the disbursement of development funds, even guarantees of respect from officials — the kursinasheen syndrome—, as well as a share in district quotas of plots in the 7-marla or other schemes and distribution of the usual Government largesse, not excluding zakat and openings for jobs for nephews, contracts for friends, permits and licences. All this is given those who will share the proceeds with loyalists who offer support to the ruling party. Such political corruption exists in many lands, but here the system has become so ingrained that neither giver nor taker blushes for shame or shyness, and there is little attempt at a cover up.

**One-party State**

Now that an official party has been found or founded, its workers have to be funded and helped in other ways. The heads of Government have been fairly eloquent on this theme, promising them all sorts of favours. Directives have been issued saying that party workers must be shown special courtesy by officials and Ministers. No one considers it pertinent to ask within Secretariat walls whether ordinary citizens are also entitled to a little ordinary courtesy and even help when they need genuine redress. Reports about youthful green-card holders and their exemption from arrest have not been denied with a firmness that could carry some conviction, and it is alleged that the system is already in operation. Thus, many feel that from a non-party State Pakistan will move towards a one-party State.

That this seems to be the vague intent of the Muslim League toughies can be seen from what senior Ministers, particularly the Punjab Chief Minister, have been saying about the Opposition parties, expressing what they would like to do about the situation if they were not kept in check by certain inhibitions, including Junejo's sensible desire not to provoke a confrontation. Does the Punjab Chief Minister want to revive the Kalabagh tradition? This he must not try to accomplish for various reasons, not the least being that he

is no Kalabagh and anyhow let him remember that the mills of God grind slowly but they grind very fine.

### More dithering

The dithering noticed in Government's consultation rooms over every major issue has been witnessed again on whether local bodies should function without interference from political parties. This was the original concept. However, when it came to giving the Official Muslim League some sort of a base, the only supporters easily available were the local body chaudhris, the manipulators, with their eternal loyalty to the administration and all rulers. Hence, the provincial assemblies quickly passed laws removing the ban on politics among local body chairmen, members, etc. But there is another election to face next year. Hence, the Federal Local Bodies Minister, a gentleman of some experience and

foresight, has declared that the next such elections whenever they come will be on a non-party basis. Obviously, the ruling party is convinced, rightly, that very few persons will be able to win an election at any level under its flag. Therefore, when elections are held, the farcical law will be revived again, so that political parties can be persuaded or compelled to boycott the polls and the local bodies can again be taken over by the types for whom an office is an end in itself. Thereafter, they can easily be invited to join the Official Muslim League, and the law will once again be amended by the obedient legislatures.

The ruling party should try to avoid such twists and turns of policy; perhaps it could do so by setting up a firm of special consultants from among retired politicians — or even retired senior bureaucrats and army officers — to devise its strategy and more steady policies.

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## COMMENTARY DISCUSSES 'HYBRID ARRANGEMENT' GOVERNING NATION

Lahore VIEWPOINT in English 14 Aug 86 pp 5, 6

[Commentary: "Face of Reality"]

[Text] AFTER THIRTY-NINE YEARS of meandering in the desert of deprivation, where does Pakistan stand? What has the post-partition era given to the two generations that have been reared since freedom's flag was first unfurled by the frail hands of an ailing leader on August 14, 1947? And what future is offered to our people today? The Quaid-e-Azam had sought tenaciously, courageously, to build and stabilize a democratic federal State and an egalitarian society; but he failed, because fate did not allow him the time to accomplish these essential tasks and most of his aides were soon found to be men with feet of clay. They possessed big ambitions but small minds; and many could not even resist the temptation to join the loot that began before the people's blood had ceased to flow — the plunder of lands, houses, factories, and other evacuee property. Thus, over the years those who became the Quaid's successors — through intrigue and political chicanery or later through the use of force — succeeded in betraying his every precept, ignoring every directive.

The nearly four decades of misrule, punctuated by lengthy hiatuses in constitutional rule and accompanied by the inevitable economic mismanagement that follows political chaos, have left Pakistan lagging far behind many other lands which gained their independence at the same time or even later. Pakistan's rulers could not even protect the country's integrity or sovereignty; greedy for power, they drove a major part of the people to break away, and for ephemeral advantage, even private gain, they bartered away Pakistan's freedom and made it dependent on foreign loans and subject to foreign advice. Therefore, the reality that we must learn to face is not a reflection of the rosy promise that inspired the freedom movement. It is a harsh reminder of promises betrayed and ideals lost; it breeds fear and fosters uncertainty about the country's future.

The flags and buntings, the lights and fireworks, the ceremonial marches, and the repetitious wordy promises for tomorrow — always tomorrow —, may create among some a

temporary sense of euphoria, but the harsh truth bites, like hunger, at our very vitals. The few beneficiaries of the system that has been built on the ruins of the old may feel genuine satisfaction at what they have made of their freedom to amass power and wealth, but even they must be gnawed by awareness that the many advantages given to a few have created disadvantages for the many; hence the system does not deserve to last, nor can it. This feeling presumably generates the hysterical clamour for freezing the status quo and denying loudly that change in the country's political and economic set-up is either necessary or possible.

What makes the overall situation more dreary is that the promise of democracy made persistently over nine years has virtually been withdrawn. Instead of going forward to a democratic, federal dispensation which the people have always wanted — and which had found rare consensus in the 1973 Constitution —, the country has been taken back to a hybrid arrangement with built-in control by the armed forces, symbolised by the serving Chief of Army Staff acting as a constitutional Head of State. Then, special amendments to the Constitution make it difficult, if not wholly impossible, to repeal any of the many Martial Law Regulations and Orders which had been the mainstay of the military regime, and which have since been validated. The process of Islamization is also clearly intended to reduce the powers of the legislature, and give law-making authority to ad-hoc judges who will not only make new laws but can virtually compel the Parliament to approve and enforce them. This is apparently meant to ensure

that even after 1990 — the designated election year —, the strait-jacket devised in the name of continuity will keep in check the political will of the people and frustrate their aspirations.

These developments would raise anxious fears even in normal times, but our times are not normal. The wayward policies pursued by various governments have created a variety of crises. The most important of these, perhaps, is the absence of a functioning federal structure. This has meant that the people, particularly in the three smaller provinces, feel that the Centre's control over their affairs is supreme and their voice remains unheard and their wishes are often totally disregarded. In 1971, a similar situation led to the explosion in East Pakistan; the fact that the dream of Sonar Bangla has been frustrated and Bangladesh has suffered for long years under inept military rule can give us no satisfaction; nor does it provide a guarantee against a bid to follow Dhaka's painful example. Whether or not the desperate cry for secession or the confederal plan offers a feasible solution is not really relevant that it is heard so often represents a frightening danger signal. Further, despite or because of huge doses of foreign aid, Pakistan has been unable to build for itself an economy that can sustain its population and take reasonable care of all its people. For reasons that are well known, no earnest attempt has been made to implement a policy of rational land reforms, while industrialisation has been misguided by the robberbaron theory. None of the attendant targets of economic policies have ever been met and the promises remain unfulfilled but are repeated, almost verbatim whenever a new term of con-

sultancy is granted to Western loan-givers.

Apart from pressing domestic problems, Pakistan has allowed itself to be trapped in dangerous international crises, something which could easily have been avoided. On the western front, the flames of the Afghan civil war are creeping across our borders with growing ferocity. Since the many rounds of indirect talks at Geneva have not produced a reasonable political settlement, it can only mean that Pakistan will continue to remain involved in a war which — however it ends and one day it must — can bring it no advantage. Judging by the analyses of U.S. publicists, the simple reason for the repeat failure at Geneva is that as a designated frontline State Pakistan is expected to help carry on the proxy war until Washington's strategists decide otherwise — and West Europe's Nato leaders do not need us to fight the battle for their freedom. We believe that the slaughter can be stopped if considerations of the global cold war can be thrust aside and Islamabad and Kabul can negotiate in terms of the interests of their own States and their peoples. If they do so honestly, the problems of modalities or a time-frame or verification could be dealt with easily and speedily. Then, on Pakistan's eastern front, despite assiduous efforts to normalise Indo-Pakistan relations, the situation has deteriorated steadily and over recent months the threat of renewed confrontation between the two neighbours has been revived.

All these and related crises have taken years to mature. Their ramifications are deep and call for careful handling of the petards strewn along its

path so that Pakistan can extricate itself from the various alien entanglements. Our people are not only disaffected because of the little they have received in four decades of freedom, they are deeply concerned and fear that worse can follow if the border situation is not righted. The demand for change has, therefore, grown until it has become almost irresistible. The dissatisfaction and anxiety are expressed in the manifestation of support given to the Opposition leaders, particularly Benazir Bhutto and the leaders of MRD parties collectively. This overwhelming backing for MRD's aims represents a national consensus for a genuinely democratic system.

It is uncertain whether the MRD parties will prove capable of channelizing this mass upsurge and bringing it to fruition through a movement that will persuade the Government to start negotiations for a modus vivendi — not only on the timing of the next election but also its pattern. If the leaders of the Zia-Junejo regime wish to respect democratic norms, it should not be difficult for them to agree on a formula that will persuade the MRD to move from its present deadline for elections this year to a schedule that is considered practicable but does not involve undue delay. Any such agreement must necessarily include a settlement on democratic procedures for the future election. Obviously, the sort of restrictions laid down in the Political Parties Act cannot be accepted either by the political parties or by the people. It is also important that all parties in the MRD begin to accept the simple fact that none of them is capable singly of finding the key to the present multi-faceted crisis; all its aspects can best be overcome

by working together in concert and, thus, with full support from the people. Therefore, whether the gloom of the prolonged twilight we have witnessed gives way before the dawn of a new day or another recession into darkness will depend mainly on how the people are persuaded to act by the national leadership, and if it can prove capable of helping the people to regain and exercise their basic rights as citizens of a free State.

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CSO: 4600/504

## COMMENTARY DENOUNCES ARMY'S CONTROL OVER NATION'S AFFAIRS

Lahore VIEWPOINT in English 14 Aug 86 pp 7, 8

[Commentary by Linesman in "Between the Lines" column: "Playing Politics"]

[Excerpt] **IN MANY LANDS** specially in the Third World, the armed forces have frequently 'played politics' — with direct or indirect intervention in political affairs and, finally, through a coup to capture or consolidate their hold on the sanctum of power.

Pakistan's Army, assisted by the two other arms, has done so more often than most other armies. (The gibe is popular among foreign publicists that while all countries maintain an army to serve the State, the Pakistan Army alone maintains a country to guarantee its own upkeep.) As everywhere else, the results of such military intervention have, with rare exceptions, been bad — for the country, for the people, and for the armed forces, particularly with regard to their readiness and capacity to shoulder the responsibility of defending the country against foreign aggression or its threat.

**Erosion of values**

Political and other values have gradually been eroded by long periods of Martial Law, which its authors frankly admit is no law but the will of the military ruler, backed by his men armed with lethal weapons. Hence, the slow death of various national institutions has been witnessed. These institutions are easy to destroy, but their restructuring takes time and great effort. Then, the attempt to prolong military rule

has also occasionally caused a cataclysm. This seems unavoidable when the supreme commander acts with supreme recklessness, and is persuaded to wage war in a bid to conquer his own people. This happened in 1971 in East Pakistan; as was easily predictable, within a few months of its start, in Dhaka's University town, the merciless blood-letting exacted a horrible price. The country was split into two parts, with the frustrated majority population seceding to form the new State of Bangladesh. That they received foreign help was, again, not unexpected in the circumstances created by Yahya Khan and his aides.

The ease with which the Pakistan Army has been able to grab power repeatedly — and retain it for a total of more than two decades out of Pakistan's thirty-nine years as an independent State — is surprising. It can only be explained by the weakness of institutions set up in 1947 and their steady corrosion in the following years. During this painful process of coup-coup, the army leadership, with the eager goading of opportunists and sycophants, has developed a philosophy of some sort which justifies the betrayal of oaths solemnly sworn on the Holy Book, and the violation of the fundamental law of the land — which every citizen respects —, as well as various other laws. Also justified is the introduction of a harsh regimen to impose the regime's fiat on the people, the use of the knout, the

dungeon, and the fetter, in order to break the will to resist the new order.

The pliant bureaucracy invariably falls in happily with every dictatorship — civilian or military —, helps gleefully to prepare schemes to hoodwink the people, and contentedly translates peremptory orders into drafts that can be given the form of laws. The judiciary can also be suborned, and with a formal expression of mild disapproval judges sit down to invent rules convenient for the ruler, based on a perversion of what is called the Law of Necessity. The judges often accept promises which as prudent men they should know are not going to be kept. All this is done with a smugness and self-righteousness that are beyond the comprehension of ordinary mortals.

These self-satisfied ladies or gentlemen persist with their rationalisations until a day comes when they are retired or forced to vacate their chairs and are denied the higher offices they had coveted or had been promised. Then they slink into their holes and mutter bitterly about wrongs, betrayals and false promises, and some even muster the temerity to deny personal culpability for acts of perfidy — acts that helped to deprive many people of their peace of mind, their liberties, and some even of their lives.

#### Civil aid to military power

During the long years of political stagnation, many things have been turned upside-down, inside out. Once, there were rigid rules governing military aid to civil power. Now, the situation can best be described as civil aid to military power. From Iskander Mirza's controlled democracy we came down to Ayub Khan's military rule making way for partyless basic democracy, with a bogus referendum providing him with a fraudulent stamp of legitimacy. Does anyone remember the question he

had asked? Although political parties have now been allowed to function, the basic model is that of apolitical elections which allow any-one with huge funds to acquire a seat in the legislature. These persons have entered the portals with no mandate, no authority to represent the people, and advance they work for is self-advancement.

The set-up however, has a purpose; it serves as a facade. The structure was moulded carefully to allow the army to retain control of the country; and the scheme was so successful that the proposal for a veto-wielding National Security Council dominated by the armed forces was ultimately scrapped as unnecessary. The Head of State remains the Army Chief of Staff. Considering the powers Gen. Zia enjoys under his two hats and the confident political campaigns that he conducts, there is little doubt left in any mind as to which hands hold the sceptre. Previous Martial Laws had suspended normalcy, but the system more or less remained intact. Now the abnormal is being treated as the normal. Additionally, Army personnel have been inducted steadily into each sector of national life. Seemingly, it is expected that the present system will survive through the years, with its strangely balanced dyarchy, so that there is no change in present policies either at home or even, more importantly, in foreign affairs. (The foreign alliances made, the commitments given, have always strengthened authoritarian rule in Pakistan, apart from their other liabilities.) And this long-term plan seems to imply that the people will never be given a free choice to choose their rulers and determine the course of events. Thus, the danger is that unless matters are quickly mended, Pakistan's petrified institutions will be perpetuated.



COMMENTARY VIEWS COST OF ILLEGAL TRADE

Lahore VIEWPOINT in English 7 Aug 86 p 8

[Commentary by Linesman in "Between the Lines" column: "Cost of Smuggling"]

[Text]

Replying, presumably, to complaints from members of the Lahore Chamber of Commerce and Industries about the depressing effect of smuggling on indigenous industry and normal local trade, the Central Minister of State for Industries admitted that illegal trade cost the country Rs. 5,000 million every year.

However, he offered little hope of any effective measures being taken to cope with the grave problem. Younis Elahi Sethi first complained that some importers were also involved in the racket, in that they made improper use of their licences, and then he went on to waffle about plans to control smuggling through tariff rationalization and (bafflingly) taxation reform. For some reason he avoided all mention of the basics.

**Border trade**

The first of these is Government's quaint policy on border trade. Pakistan's porous western frontier is known to be dotted with entrepôts, which sell all varieties of imported goods to all comers, free of any tax. The enterprising traders have also established depots all over the country and have even evolved a

home-delivery scheme for the goods they offer, including such bulky items as sanitary-ware or air-conditioners or water-heaters. The long border with India offers scope for more sophisticated smuggling, but its scale is also staggering, now that heroin has been added to the list. The second, and this factor facilitates the first, basic problem is the corruption at all levels in most sectors of the administration. This has actually been the position for many decades; the war in Afghanistan and Pakistan's involvement with the refugees has merely increased the trade and brought in a new variety of Soviet manufactures which were not hitherto available. At the same time, the drug traffic has created new dangers with the heroin mafia trying to establish control over areas that are important for their multi-billion-dollar business.

Government and its advisers must learn to quickly accept and face these harsh facts, and not just keep talking about tariff rationalization or traders' misdemeanours, so that they can really begin to eliminate factors that threaten to erode Pakistan's economy and weaken its social fabric.

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